

2023 ANNUAL COMPREHENSIVE FINANCIAL REPORT

for the year ended June 30, 2023



ORANGE COUNTY, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023



Prepared by:
Department of Finance

Submitted by:
Gary Donaldson, MBA, MPA, CTP

ORANGE COUNTY, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

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INTRODUCTORY SECTION



ORANGE COUNTY

Department of Finance and Administrative Services

PO Box 8181, Hillsborough, NC 27278 | Tel 919.245.2453 | Fax 919.644.3324

November 30, 2023

The Board of County Commissioners, Bonnie Hammersley, County Manager Residents of Orange County, North Carolina

Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require that all local governments in the State publish a complete set of financial statements annually. The financial statements must be presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to those requirements, I hereby issue the annual comprehensive financial report ("ACFR") of Orange County for the fiscal year ended June 30, 2023.

This report consists of management's representations concerning the finances of Orange County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Since the cost of internal controls should not outweigh their benefits, the County's internal control structure has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Mauldin and Jenkins, LLC, a firm of licensed certified public accountants. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor rendered an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2023, are fairly presented in conformity with GAAP. This opinion can be found at the beginning of the financial section of this document. In addition to the independent audit of the financial statements, the County is required to undergo an annual "Single Audit" designed to meet the special requirements of federal grantor agencies. Information regarding this audit can be obtained from the County's Department of Finance and Administrative Services.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of independent auditors.

COUNTY PROFILE

Orange County, founded in 1752, is located in the north-central portion of North Carolina, approximately midway between Washington, DC and Atlanta, GA. The County is part of the Raleigh/Durham/Chapel Hill Metropolitan Statistical Area, which also includes the Research Triangle Park, a major complex of research and research-oriented manufacturing facilities.

The County operates under a Commissioner-Manager form of government. The governing body of the County is the Board of County Commissioners, which formulates policies for the administration of the County. In addition, the Board annually adopts a balanced budget and establishes a tax rate for the support of the County's programs. The Board consists of seven commissioners, elected on a staggered basis for terms of four years. The County Manager is appointed by, and serves at the pleasure of the Board as the County's Chief Executive Officer. The County Manager has appointive and removal authority over department heads and employees of the County. The County Manager is responsible for the daily operations of the County Government. In addition, the Manager's responsibilities include implementation of policies established by the Board of Commissioners, as well as the administration of the annual budget adopted by the Board.

The County provides a wide range of services, including public safety, human services (Social Services, Health and Aging), and funds for education, cultural and recreational activities, general administration functions and others. This ACFR includes all funds and account groups of the County including all activities considered to be part of (controlled by or dependent on) the County. In the fiscal year ended June 30, 1995, the County implemented Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*. As a result, the Orange County ABC Board is reported as a discretely presented component unit of the County.

The budget serves as the foundation for Orange County's financial planning and control. As required by the North Carolina Budget and Fiscal Control Act, the County adopts an annual budget for all governmental funds except those authorized by project ordinance that are multi-year in nature. Appropriations to the various funds are formally budgeted on a functional basis. The County Manager is authorized to approve appropriation transfers within all functions. The County Commissioners must approve transfers that alter the total appropriation of any functional category or fund, including the multi-year project funds. However, for expenditure control purposes the budget is monitored and controlled on a departmental level.

FACTORS AFFECTING FINANCIAL CONDITION

The County's economy is characterized by a high degree of institutional and public-sector activity, plus office, commercial and service-oriented business. The County is also the place of residence for many technical, professional and executive people who work in the Research Triangle Park and neighboring cities of Durham, Raleigh, and Burlington. The Research Triangle refers to an area located among three municipalities: Chapel Hill, Durham and Raleigh. In addition to The University of North Carolina at Chapel Hill, universities located in these municipalities include Duke University and North Carolina Central University in the City of Durham and North Carolina State University in the City of Raleigh. The proximity of these universities makes the Research Triangle area well-suited to many types of research activities. The Research Triangle Park (the "Park"), located 10 miles east of the County, contains 7,000 acres of land which has been reserved for research and research-oriented manufacturing. Since its inception in the 1950's, approximately 300 private and governmental organizations have located facilities in the Park and currently employ approximately 50,000 people. Approximately 87% of the employees in the Park work for multinational corporations. The largest employers in the Park include: IBM Corporation, Cisco, RTI International, Fidelity Investments, US Environmental Protection Agency, National Institute of Environmental Health Sciences, Biogen IDEC and NetApp. Because of its close proximity to the County and the fact that many of the Park's employees reside in the County, the impact of the Park on the County's economy is significant. According to the Orange County Economic Development Department, the leading industries in the County are educational, health and social services, professional, scientific, management, administrative and waste management services and arts, entertainment, recreation, accommodation and food services. The County's most common occupations, according to the Orange County Economic Development Department, are professional, education and health care occupations (50%), service occupations (18%) and manufacturing, construction, transportation and warehousing (13%). The County's workforce is highly educated as indicated by 62.7% of County residents holding a bachelor's degree or higher compared with 35.1% for the nation. The median household income is \$79,205 and the median house value is \$339,900.

The University of North Carolina at Chapel Hill and UNC Health Care System are the largest employers in the County. The University of North Carolina at Chapel Hill and UNC Health Care System and their associated service, teaching and research programs have a reputation for excellence in the educational and medical fields. The UNC Health Care System opened a medical campus in the town of Hillsborough in 2015 and expanded that campus by 107,000 square feet in 2021. The 163 bed, 365,000 square foot campus now serves over 25,000 patients a year and employs approximately 500 individuals. This complex includes 50 acute care beds, an 18-bed intensive care unit, six operating rooms, two procedure rooms, an emergency department and outpatient medical and surgical specialty services, including urgent care, imaging and oncology. An industrial strip adjacent to Interstate 85 in the western portion of the County is the location of several manufacturing firms. The County has designated approximately 2,200 acres in three strategically placed areas along Interstate 85 and 40 as Economic Development Districts. The County's location, midway between the Piedmont Triad and Research Triangle metropolitan areas, makes these sites extremely attractive. The districts offer development potential for light industrial, warehouse/flex space, office, retail and business service. Numerous tracts, ranging in size from 20 to 100 acres and more, are available.

The County spurs economic development by providing funds through the Article 46 Sales Tax to finance the development of utility extensions for commercial entities in its Economic Development Districts. The County uses the Article 46 Tax to provide a portion of the upfront water and sewer infrastructure costs for businesses locating in these districts. Recent economic development investments within the County include ABB, Medline, Research Triangle Logistics Park, Morinaga, Piedmont Metal Works, AKG North America, Well Dot Inc. and Wegmans. These investments have contributed to the County's day-time population increasing by 5.2%. The County's stable employment base has consistently resulted in one of the lowest unemployment rates in North Carolina at 3.2% at June 30, 2023. The County's Nominal Gross Domestic Product expanded 6.8%.

Fiscal Outlook

The adopted General Fund Budget for FY 2023-24 totals \$279.5 million which represents \$21.4 million or a 8.2% increase over the FY 2022-23 adopted budget. The County Budget factors in a .46 cent increase from 83.12 cents to 83.58 cents per \$100 of assessed value to fund the County and School continuation budgets. The County is on a four-year revaluation cycle. The next revaluation will be effective January 1, 2025 for FY 2025-26. The FY 2023-24 budget assumed a 2.1% increase in assessed value with the tax base increasing from \$22.2 billion to \$22.9 billion or over the prior year. The real and personal collection rate is budgeted to remain the same at 99.2%. The County budget maintains a goal of allocating 48.1% of General Fund revenues to Education spending. The budget increases per pupil expenditures by \$538.46 to \$5,346 which has consistently been among the highest per pupil appropriations in the State. The FY 2023-24 appropriations represents 48.07% of total General Fund revenues. The budget appropriates \$3.8 million to fund school health and safety contractual services. The fiscal year 2023-24 budget fully funds all positions of the County and includes a 6% wage increase effective July 1, 2023 at a cost of \$4.4 million. Property tax revenues comprise \$190.7 million or 68% of General Fund revenues. Sales tax revenues comprises 16% of the budget and has been budgeted to increase 4% over the FY 2022-23 projections. The remaining 16% of General Fund revenues are comprised of Intergovernmental revenues, Charges for Services, Licenses and Permits, and Miscellaneous revenues.

The Article 46 ¼ cents sales tax was approved by the voters in a November 2011 referendum and became effective April 1, 2012. A Special Revenue Fund was established to account for the Article 46 Sales Tax. The Board approved a ten-year commitment which authorized equal distribution of this sales tax to support education and economic development. Fifty percent of the ¼ cent sales tax is allocated to both County school systems on an average daily membership percent basis to fund school capital projects. The other fifty percent is allocated to economic development initiatives including supporting water and sewer infrastructure funding in the County's three economic development districts. In FY 2022-23 Article 46 Sales Tax increased by 16.3% to \$5.9 million from \$5 million the prior fiscal year.

The County has an extensive ten-year Capital Investment Plan to provide public safety upgrades, school facilities, government facilities, affordable housing, parks and recreation, information technology, water and sewer in the Economic Development Districts, and various equipment purchases. The County has completed issuance of its 2016 Bond Referendum authorization. The County has completed long-term facilities master plans and is undergoing capital project prioritizations and debt affordability modeling. The next planned General Obligation Bond Referendum is projected for November 5, 2024.

Fiscal Policy. The County continues to demonstrate strong financial management as a result of its compliance with its Board adopted financial policies, regular financial reporting and long-term financial forecasting. These best practices and policies have enabled the County to remain financially strong through economic troughs and intergovernmental funding. Financial and debt modeling is used to determine the fiscal impact from both short and long-term economic trends. The Board and County Manager regularly take action to contain expenditures within the authorized appropriation levels.

The County established a Debt Service Fund for tax-backed debt obligations and seeded this new fund with \$6 million for Debt Service reserves. The County adheres to a 15% Debt Policy as measured by debt service as a percentage of revenues which is the goal the County strives to maintain. The County 16% Fund Balance Policy as measured by the General Fund unassigned fund balance is at 17.1% of General Fund and Debt Service expenditures as of June 30, 2023 attributed to better than anticipated sales tax performance. As a measure of the General Fund's liquidity, it is important to include Debt Service Fund expenditures in the unassigned fund balance measurement because General fund property tax revenues are transferred to the Debt Service Fund to meet annual debt service requirements. The County's available fund balance includes reserve by state statute amounts which represents an additional 7.4% of General Fund expenditures as of June 30, 2023.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Orange County for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This marks the twenty-third consecutive year that Orange County has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report (ACFR), whose contents conform to program standards. These reports must comply with both generally accepted accounting principles (GAAP) in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The County also received the GFOA's award for Distinguished Budget Presentation for its 2023 annual budget document. This is the 32nd year that the award has been presented to the County. In order to qualify for this award, the County's budget document was judged proficient in several categories including policy documentation, financial planning and organization. The Budget Division believes the fiscal year 2023 budget continues to conform to program requirements and is submitting it to the GFOA to determine eligibility for another award.

Orange County departments and employees are deeply committed to the goals, vision and mission statement of the County government. This is evidenced by the high quality of service delivery to the residents of the County. I appreciate the collaborative nature of each County department in assisting in the preparation of this report and ongoing support in executing the daily financial activities of the Department of Finance and Administrative Services. Thanks is extended as well to our independent auditors Mauldin and Jenkins LLC.

A special thanks is extended to the Board of County Commissioners, County Manager Bonnie Hammersley and Deputy County Manager Travis Myren for their vision and leadership in contributing to Orange County's strong financial position.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gary Donaldson". The signature is fluid and cursive, with the first name "Gary" written in a larger, more prominent script than the last name "Donaldson".

Gary Donaldson, CTP
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Orange County
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

Orange County, North Carolina

BOARD OF COUNTY COMMISSIONERS

Jamezetta Bedford, Chair

Earl McKee, Vice Chair

Amy Fowler

Sally Greene

Jean Hamilton

Anna Richards

Phyllis Portie-Ascott

COUNTY MANAGER

Bonnie B. Hammersley

Travis Myren
Deputy County Manager

Gary Donaldson
Chief Financial Officer

Kirk Vaughn
Budget Director

Brenda Bartholomew
Human Resources Director

Board of County Commissioners



Jamezetta Bedford, Chair



Earl McKee, Vice-Chair



Amy Fowler



Sally Greene



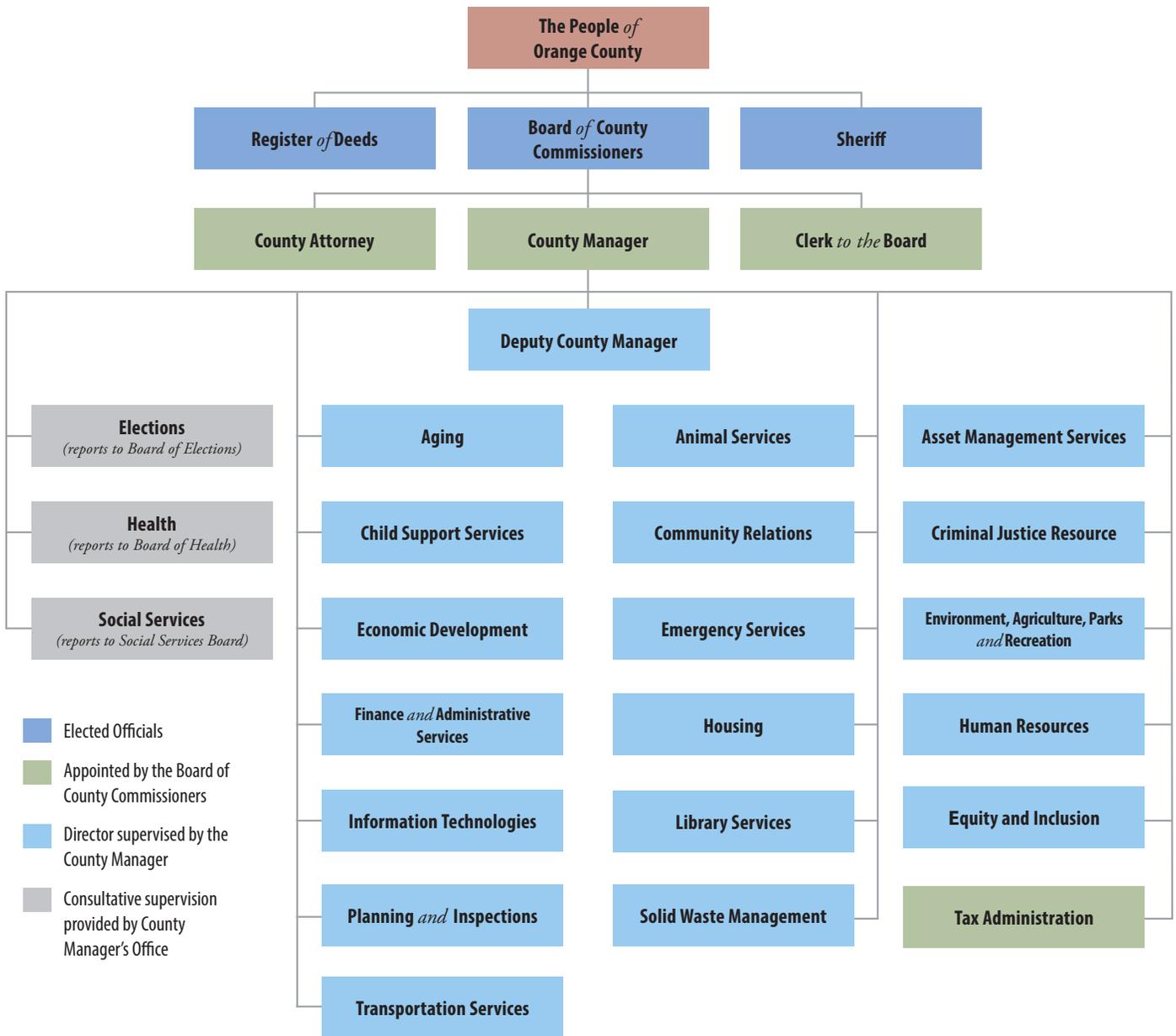
Jean Hamilton



Phyllis Portie-Ascott



Anna Richards



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**To the Members of the Board of Commissioners
Orange County, North Carolina**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **Orange County, North Carolina** (the "County") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison statement for the General Fund, and the American Rescue Plan Act special revenue fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Orange County ABC Board (the "ABC Board"), which represents 100% of the assets, net position, and revenues, respectively of the discretely presented component unit as of June 30, 2023. Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the ABC Board, is based solely on the report of the other auditor.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the ABC Board were not audited in accordance with *Government Auditing Standards*. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules related to the County's pensions and other post-employment benefits, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules, the "Additional Financial Data" as listed in the table of contents, and the schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of North Carolina Single Audit Implementation Act (collectively, "the supplementary information") are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

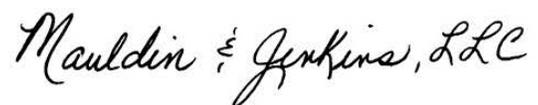
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the title pages, introductory section, and statistical section, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.



Raleigh, North Carolina
November 30, 2023

Management's Discussion and Analysis

Introduction

The management of the government offers readers of Orange County's (the "County") financial statements this Management's Discussion and Analysis ("MDA") of the financial activities of the County for the fiscal year ended June 30, 2023. Readers are encouraged to review the information presented here in conjunction with additional information that is furnished in the County's financial statements, which follow this narrative.

Financial Highlights

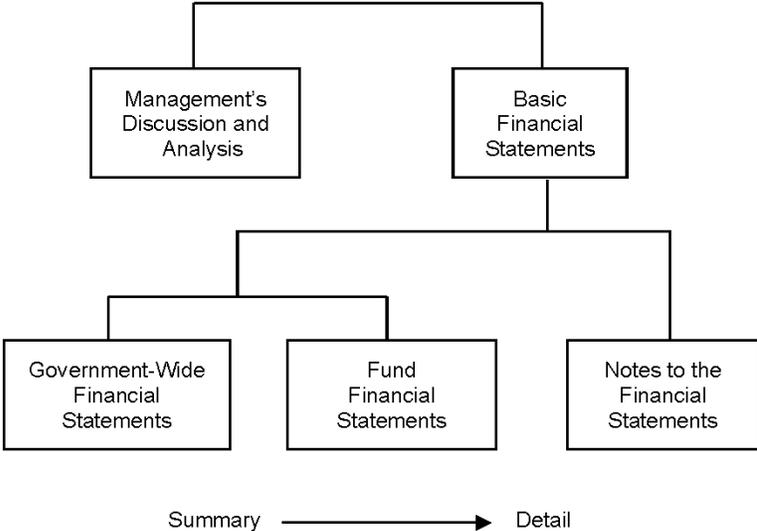
- The liabilities and deferred inflows of resources of the County exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$125.1 million (deficit net position). In accordance with North Carolina law, liabilities of the County include approximately \$166 million in long-term debt associated with assets belonging to the Orange County Board of Education and the Chapel Hill-Carrboro City Board of Education. As these assets are not reflected in the County's financial statements and the full amount of the long-term debt is reflected in the County's financial statements, the County reports a net deficit in net position.
- The County's total net position increased by \$18.1 million. This increase is attributed primarily to continued growth in the County's revenues.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$181.6 million, an increase of \$1.9 million in comparison with the prior year. This slight increase reflects bond proceeds from General Obligation bonds and Limited Obligation bonds during the fiscal year for County and School projects. The General Fund total ending fund balance of \$80.4 million includes \$43.2 million of unassigned fund balance.
- The County established a separate Debt Service Fund for the accounting of tax-backed principal and interest payments on General Obligation and Limited Obligation Bonds of the County.
- The unassigned General Fund ending fund balance of \$43.2 million represented 17.18% of total General Fund and Debt Service Fund expenditures for the fiscal year consistent with the County policy of unassigned fund balance of 16% of General Fund expenditures.
- Orange County maintains the highest credit quality, with bond ratings of AAA (Fitch IBCA), Aaa (Moody's Investor Services) and AAA (Standard & Poor's) on its general obligation bonds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements in the basic financial statements are the Government-Wide Financial Statements. They provide both short and long-term information about the County's financial status.

The next statements are Fund Financial Statements. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements and 4) the fiduciary fund statements.

The next section of the basic financial statements is the notes to the basic financial statements (notes). The notes explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show additional details about the County's major and non-major governmental funds, proprietary and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how they have changed. Net position is the difference between the County's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

Management's Discussion and Analysis

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services, such as general administration, taxation and records, community planning, community maintenance, human services, education, public safety, and public works. Property and other taxes and Federal and State grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide a related service. These include the sewer and landfill services and recreational services offered by the County. The final category is the component units. Although legally separate from the County, the ABC Board is important to the County because the County exercises control over the Board by appointing its members and because the Board is required to distribute its profits to the County.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of the County can be divided into three categories: governmental, proprietary, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting, which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the residents of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statements provided for the General Fund demonstrate how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statements use the budgetary basis of accounting and are presented using the same format, language, and classifications as the Statement of Revenues, Expenditures, and Changes in Fund Balance. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds

The County has two kinds of proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its sewer activity, for its landfill operations, and Sportsplex operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County uses an internal service fund to account for two activities – its employee health and dental insurance program. Because these operations benefit predominantly governmental rather than business-type activities, the internal service funds have been included within the governmental activities in the government-wide financial statements.

Management's Discussion and Analysis

Fiduciary Funds

Fiduciary funds are used to account for assets the County holds on behalf of others. The County's fiduciary funds consist of one OPEB trust fund and four custodial funds.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements are on pages 33-91 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. Required Supplementary Information can be found beginning on page 92.

	Governmental Activities		Business-type Activities		Total	
	2023	Restated 2022	2023	Restated 2022	2023	Restated 2022
ASSETS						
Current and other assets	\$ 216,423	\$ 223,003	\$ 20,054	\$ 20,395	\$ 236,477	\$ 243,398
Capital assets, net	160,674	156,015	19,608	20,172	180,282	176,187
Total assets	377,097	379,018	39,662	40,567	416,759	419,585
DEFERRED OUTFLOWS OF RESOURCES						
	53,084	54,131	1,447	977	54,531	55,108
LIABILITIES						
Long-term liabilities	495,480	499,888	19,669	20,731	515,149	520,619
Other liabilities	34,247	41,083	1,029	1,892	35,276	42,975
Total liabilities	529,727	540,971	20,698	22,623	550,425	563,594
DEFERRED INFLOWS OF RESOURCES						
	45,930	53,108	50	1,203	45,980	54,311
NET POSITION						
Net investment in capital assets	68,828	65,906	10,017	9,728	78,845	75,634
Restricted	33,166	28,245	-	-	33,166	28,245
Unrestricted (deficit)	(247,470)	(255,081)	10,344	7,990	(237,126)	(247,091)
Total net position	\$ (145,476)	\$ (160,930)	\$ 20,361	\$ 17,718	\$ (125,115)	\$ (143,212)

As noted earlier, net position serves, as one useful indicator of a government's financial condition. The liabilities and deferred inflows of resources of the County exceeded assets and deferred outflows of resources by \$125.1 million as of June 30, 2023. Net position is reported in three categories: Net investment in capital assets of \$78.8 million, restricted net position of \$33.6 million, and unrestricted net position of (\$237.5) million.

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The net investment in capital assets category is defined as the County's net investment in County-owned capital assets (e.g. land, buildings, automotive equipment, office and other equipment, and sewer lines). The County uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. At June 30, 2023, the net investment in capital assets increased by \$9.9 million.

The final category of net position is unrestricted net position. This balance may be used to meet the County's ongoing obligations to residents and creditors. At June 30, 2023, the total net deficit reported of (\$125.1) million is attributable to the unrestricted net deficit balance of (\$237.5) million, which results primarily from the debt financing related to school system assets.

Table 2
ORANGE COUNTY, NORTH CAROLINA
Condensed Statement of Activities
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program revenues:						
Charges for services	\$ 15,220	\$ 14,985	\$ 15,771	\$ 15,173	\$ 30,991	\$ 30,158
Operating grants and contributions	34,103	31,356	-	10	34,103	31,366
Capital grants and contributions	-	1,130	-	-	-	1,130
General revenues:						
Property taxes	221,143	213,946	-	-	221,143	213,946
Other taxes	49,307	43,076	-	-	49,307	43,076
Other revenues	17,096	10,924	784	702	17,880	11,626
Total revenues	336,869	315,417	16,555	15,885	353,424	331,302
EXPENSES						
Community services	20,733	18,019	-	-	20,733	18,019
General government	25,398	15,220	-	-	25,398	15,220
Public safety	45,887	41,249	-	-	45,887	41,249
Human services	58,985	57,651	-	-	58,985	57,651
Education	144,538	132,090	-	-	144,538	132,090
Support services	17,146	19,874	-	-	17,146	19,874
Interest expense	8,728	9,301	-	-	8,728	9,301
Solid Waste landfill	-	-	9,651	10,273	9,651	10,273
SportsPlex	-	-	4,261	4,067	4,261	4,067
Total expenses	321,415	293,404	13,912	14,340	335,327	307,744
Transfers	-	(790)	-	790	-	-
Change in net position	15,454	21,223	2,643	2,335	18,097	23,558
NET POSITION						
Beginning balances, restated	(160,930)	(182,153)	17,718	15,383	(143,212)	(166,770)
Ending balances	\$ (145,476)	\$ (160,930)	\$ 20,361	\$ 17,718	\$ (125,115)	\$ (143,212)

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Consistent with other counties in the State of North Carolina, the County's deficit in unrestricted net position is due primarily to the portion of the County's outstanding debt incurred for the two school systems located within the County. Under North Carolina law, the County is responsible for providing capital funding for the school systems. The County has chosen to meet its legal using a combination of County funds, general obligation debt, and installment financing. It is important to note, that the assets funded by the County are owned and utilized by obligation to provide the school systems capital funding by the school systems. The County is the issuing government for school system debt but acquires no capital assets; therefore, the County has incurred a liability without a related increase in assets. At the end of the fiscal year, approximately \$166 million of the outstanding debt on the County's financial statements was related to assets included in the school systems' financial statements. The majority of this school system related debt is general obligation debt, which is secured and pledged by the full faith, credit, and taxing power of the County. The County is authorized and required by State law to levy ad valorem taxes, without limit as to rate or amount to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which such requirements are due and payable. The majority of the non-general obligation debt is repaid from sales taxes earmarked for school capital, education lottery proceeds, and ad valorem property taxes allocated to school capital.

As noted earlier, the government's total net position increased \$18.1 million. This decrease resulted from increased long-term debt to support the County's capital improvement program which includes school capital projects that don't result in assets of the County. Also, the following positive operational initiatives and results are noted:

- The County's continued efficiency in the collection of property taxes resulted in a collection percentage of 99.4%, higher than the State-wide average of 97%.
- Sales tax revenue, which is the second largest revenue source, increased by \$5.4 million from the prior fiscal year to \$43.3 million or 14.2% increase. This increase is attributed to Articles 39, 40 and 42 exceeding budgeted amounts primarily due to higher price indices on taxable retail sales. The Hold Harmless sales tax amount which replaced the State Medicaid reimbursements exceeded the budget by \$4.4 million.
- The County continued to lead the State in per pupil funding for education.
- The County established a Debt Service Fund for tax-backed debt obligations and seeded with \$6 million in Debt Service reserves.
- Fiscal discipline and strong management controls in managing the operating budget throughout the fiscal year. The County's unassigned fund balance level provides a financial cushion to mitigate unforeseen changes in the economic and business climate and decreased revenues.
- The unassigned fund balance in the County's General Fund remains strong at \$43.2 million or 20% of General Fund expenditures. The county exercises fiscal discipline and strong management controls in managing the operating budget throughout the fiscal year.

Governmental Activities

Governmental activities increased the County's net position by \$15 million. Key elements of this change are as follows:

- Decrease in Total Liabilities.
- Increase in Net Capital Investments.

Business-Type Activities

Business-type activities increased the County's net position by \$2.6 million. The increase was primarily related to an increase in the unrestricted net position.

Financial Analysis of the County's Funds

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. North Carolina General Statute 159-26 requires the County to maintain all of its funds on the modified accrual basis of accounting during the year.

Management’s Discussion and Analysis

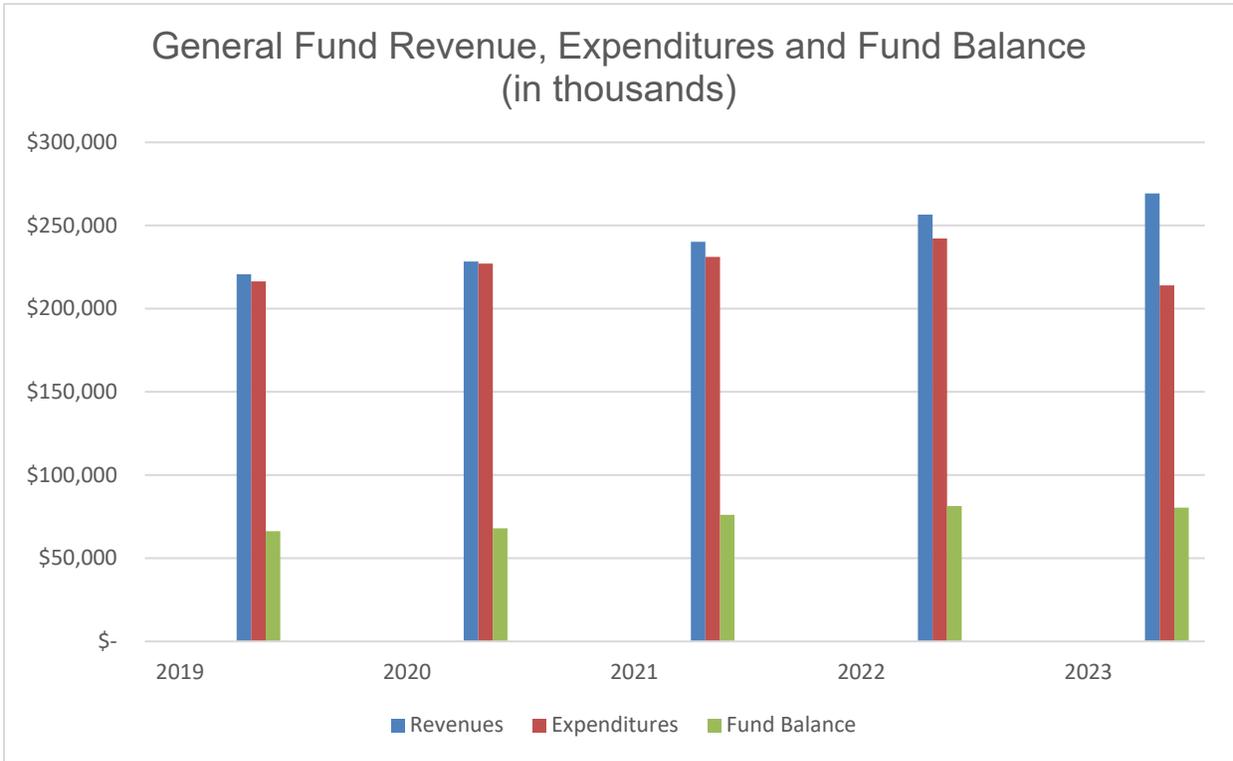
Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County's financing requirements. Specifically, available fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$43.6 million or 17% of General Fund and Debt Service Fund expenditures, while total fund balance increased to \$80.4 million or 32% of General Fund and Debt Service Fund expenditures. As a measure of the General Fund's liquidity, it is important to include Debt Service Fund expenditures in the unassigned fund balance measurement because General fund property tax revenues are transferred to the Debt Service Fund to meet annual debt service requirements. Remaining transfers of \$12 million supported a Debt Service Fund reserve and County and School Capital reserves consistent with County policy to not earmark non-recurring sources to ongoing expenditures.

General Fund revenues are \$269.2 million or \$9.3 million higher than the final amended budget or 3.6%. General Fund revenues increased by \$12.7 million from the prior fiscal year. Property tax revenue comprises 70% of General Fund revenues. Sales tax revenue, the second largest revenue at 16% of General Fund revenues, increased by \$5.4 million from the prior fiscal year driven by higher price indices.

General Fund expenditures were \$214 million or \$3.9 million lower than the final amended budget. General Fund expenditures decreased by \$28.2 million from the prior fiscal year due to debt service now being accounted for in the Debt Service Fund. General Fund expenditures were 1.8% under the final budget following a year-end adjustment to expenditures pertaining to the implementation of GASB 87 and 96. General Fund expenditures at 3.9% under the final budget is attributed to salary attrition savings, management’s commitment to ensure expenditures are within the budget authorizations through regular finance pre-auditing of cost centers. General Fund expenditures and other financing uses total \$271.6 million.



The County Capital Improvement Fund reflects a \$4.9 million decrease in fund balance due to the spending down of bond proceeds primarily attributed to completing the County’s Northern Campus site.

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The School Capital Improvement Fund reflects a \$3.2 million decrease in fund balance for ongoing school construction. The school capital project fund balance decrease is attributed to continued capital outlays for Chapel Hill High School and Orange County Schools Cedar Ridge Wing capital outlay expenditures.

As discussed earlier, the County created the Debt Service Fund during the current year and transferred \$44 million from the General Fund to establish the debt service reserve and fund current year debt service expenditures related to the County's outstanding debt obligations.

The American Rescue Plan Fund was established by the County in 2021 to account for the County's \$23 million allocation of Coronavirus State and Local Fiscal Recovery Funds (CSLFRF). During the current fiscal year, the County expended approximately \$8.6 million of its CSLFRF allotment leaving approximately \$14.5 million in unearned revenue as of June 30, 2023. The County will expend the remaining \$14 million by December 30, 2026. The remaining expenditures will fund rural broadband infrastructure, fire district radio upgrades and emergency housing initiatives.

General Fund Budgetary Highlights for the Fiscal Year Ending June 30, 2023

The final amended General Fund Budget for FY 2022-23 totals \$218.0 million in expenditures which represents a decrease of \$28.2 million or a 13.1% decrease over the FY 2021-22 final amended budget due to the debt service expenditures being transferred to the new Debt Service Fund. The County Budget included a 1.25-cent property tax increase of which one-cent supported both school districts operating expenses and .25 cent was dedicated to debt service. The County is on a four-year revaluation cycle. The next revaluation will be effective January 1, 2025 for FY 2025-26. The FY 2022-23 budget assumed a 2.6% increase in assessed value with the tax base increasing from \$21.7 billion to \$22.2 billion over the prior year. The County tax rate increased from 81.87 cents to 83.12 cents per \$100 of assessed value. The real and personal collection rate was budgeted to increase by .5% from 98.7% to 99.2% for real and personal property and 99.4% for motor vehicle. The County budget maintained a goal of allocating 48.1% of General Fund revenues to education spending. The budget increased per pupil expenditures by \$441 to \$4,808, which has consistently been among the highest per pupil appropriations in the State. The FY 2022-23 appropriations represents 47.1% of total General Fund revenues. Which is one percent below the funding target. As stated in the budget message, there were two primary factors for this one percent decrease 1) school related debt service decreased by approximately \$1.9 million. One percent of general fund revenue is approximately \$2.5 million, therefore the decrease in debt service accounted for 0.75% of the 1% shortfall and these funds are not used to finance school operations and 2) the rate at which general fund revenues grew between the FY2021-22 Budget and the FY2022-23 Budget, and this rate outpaced the school expenditure increase, so the percentage of school spending to general fund revenues decreased.

The budget appropriated \$3.7 million to fund school health and safety contractual services. The FY 2022-23 budget included no reductions in force. Property tax revenues comprised \$186.1 million or 72% of General Fund revenues. The FY 2022-23 Sales tax revenues was budgeted to increase 4% over the FY 2021-22 projections. This growth projection had factored in potential economic slowdown as the Federal Reserve continued to increase interest rates to counter inflation. Additional General Fund revenues are comprised of Intergovernmental revenues, Charges for Services, Licenses and Permits, and Miscellaneous revenues. The County's FY 2022-23 Budget anticipated continued post-pandemic recovery and cautious optimism in revenue streams that have started to rebound following the lifting of public health restrictions. The FY 2021-22 strong audited financial results allowed for mid-year FY 2022-23 budget amendments totaling \$12 million to increase the County's School and Capital Reserves and to earmark funds for Debt Service Fund Reserves.

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Table 3
ORANGE COUNTY, NORTH CAROLINA
Capital Assets, Net of Accumulated Depreciation
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2023	Restated 2022	2023	2022	2023	Restated 2022
Land	\$ 20,516	\$ 20,516	\$ 1,619	\$ 1,619	\$ 22,135	\$ 22,135
Intangible rights	1,424	482	-	-	1,424	482
Land improvements	-	-	3,677	3,811	3,677	3,811
Buildings and improvements	101,772	94,478	10,046	10,695	111,818	105,173
Other improvements	1,109	1,280	-	-	1,109	1,280
Automotive equipment	2,769	2,002	-	-	2,769	2,002
Other equipment	4,537	3,175	2,838	2,920	7,375	6,095
Right-to-use assets	7,646	10,386	-	-	7,646	10,386
Construction in progress	20,901	23,696	1,428	1,127	22,329	24,823
	\$ 160,674	\$ 156,015	\$ 19,608	\$ 20,172	\$ 180,282	\$ 176,187

The Article 46 ¼ cents sales tax was approved by the voters in a November 2011 referendum and became effective April 1, 2012. A Special Revenue Fund was established to account for these sales tax proceeds. The Board of County Commissioners approved a ten-year commitment to allocate the proceeds as follows:

- 50% of the funding will be allocated in an equitable manner between the County's two school systems, based on the Average Daily Membership (ADM) of each school system, for the dedicated purpose of funding capital projects, including but not limited to, facility improvements at older schools and the procurement of technology.
- 50% of the funding will be allocated to Economic Development initiatives. The FY 2022-23 budget approved uses of the anticipated proceeds of \$4,202,200 by the two school districts and the Economic Development Department.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. The Sportsplex Fund reported a net position increase of \$511,410 to \$5.4 million of which \$4.7 million is net investment in capital assets. The Solid Waste Fund reported a net position increase of \$2,132,017 to \$14.9 million of which \$5.2 million is net investment in capital assets.

Table 4
ORANGE COUNTY, NORTH CAROLINA
Long-Term Liabilities
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	Restated		2023	2022	2023	Restated
	2023	2022				
General obligation bonds - direct placement	\$ 116,815	\$ 128,250	\$ -	\$ -	\$ 116,815	\$ 128,250
Bond premiums	9,168	10,039	-	-	9,168	10,039
Installment notes - direct borrowing and direct placement	181,052	182,965	9,738	11,210	190,790	194,175
Note premiums	13,137	14,722	822	943	13,959	15,665
Net OPEB liability	120,541	132,375	-	-	120,541	132,375
Pension liabilities	42,949	17,477	2,280	781	45,229	18,258
Other	11,818	14,060	6,829	7,797	18,647	21,857
	\$ 495,480	\$ 499,888	\$ 19,669	\$ 20,731	\$ 515,149	\$ 520,619

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2023 totals \$180.3 million (net of accumulated depreciation) an increase of 2.3% primarily attributed to Construction in Progress for the Northern Campus and other Building Improvements. The other asset components include land, buildings, automotive equipment, office and other equipment, and sewer lines as well as the County's right-to-use assets related to both leases (GASB Statement No. 87) and subscriptions (GASB Statement No. 96).

Major capital asset transactions during the year include:

- Construction in progress on various County projects.
- Purchase of vehicles and equipment for operations.
- Purchase of landfill and recycling equipment.

Additional information on the County's capital assets can be found in Note 5 of the Basic Financial Statements.

Long-Term Debt and Obligations

As of June 30, 2023, the County had total bonded debt outstanding of \$116.8 million, all of which is debt backed by the full faith and credit of the County.

In addition, the County has several installment notes with a total outstanding balance of \$190.8 million. A summary of total long-term debt and other long-term liabilities is shown in Note 6.

The County's bond ratings are shown below:

- Moody's Investor Services Aaa
- Standard & Poor's AAA
- Fitch IBCA AAA

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These bond ratings are a clear indication of the sound financial condition of the County. The County is one of the few counties in the country that maintains the highest financial ratings from all major rating agencies. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the County is approximately \$1.4 billion. The County has \$311.2 million in net debt applicable to the limit. The County has issued all of its authorized general obligation bonds as of June 20, 2022 for Orange County Schools and Chapel Hill-Carrboro City Schools from the 2016 Bond Referendum. Additional information regarding the County's long-term debt can be found in Note 6 on pages 48-54 of this report.

Budget Highlights for the Fiscal Year Ending June 30, 2024

The adopted General Fund Budget for FY 2023-24 totals \$279.5 million which represents \$21.4 million or a 8.2% increase over the FY 2022-23 adopted budget. The County Budget factors in a .46 cent increase from 83.12 cents to 83.58 cents per \$100 of assessed value to fund the County and School continuation budgets. The County is on a four-year revaluation cycle. The next revaluation will be effective January 1, 2025 for FY 2025-26. The FY 2023-24 budget assumed a 2.1% increase in assessed value with the tax base increasing from \$22.2 billion to \$22.9 billion or over the prior year. The real and personal collection rate is budgeted to remain the same at 99.2%. The County budget maintains a goal of allocating 48.1% of General Fund revenues to Education spending. The budget increases per pupil expenditures by \$538.46 to \$5,346 which has consistently been among the highest per pupil appropriations in the State. The FY 2023-24 appropriations represents 48.07% of total General Fund revenues. The budget appropriates \$3.8 million to fund school health and safety contractual services. The fiscal year 2023-24 budget fully funds all positions of the County and includes a 6% wage increase effective July 1, 2023 at a cost of \$4.4 million. Property tax revenues comprise \$190.7 million or 68% of General Fund revenues. Sales tax revenues comprises 16% of the budget and has been budgeted to increase 4% over the FY 2022-23 projections. The remaining 16% of General Fund revenues are comprised of Intergovernmental revenues, Charges for Services, Licenses and Permits, and Miscellaneous revenues.

The Article 46 ¼ cents sales tax was approved by the voters in a November 2011 referendum and became effective April 1, 2012. A Special Revenue Fund was established to account for the Article 46 Sales Tax. The Board approved a ten-year commitment which authorized equal distribution of this sales tax to support education and economic development. Fifty percent of the ¼ cent sales tax is allocated to both County school systems on an average daily membership percent basis to fund school capital projects. The other fifty percent is allocated to economic development initiatives including supporting water and sewer infrastructure funding in the County's three economic development districts. In FY 2022-23 Article 46 Sales Tax increased by 16.3% to \$5.9 million from \$5 million the prior fiscal year.

American Rescue Plan Act (ARPA)

The Federal American Rescue Plan Act (ARPA) provides direct allocations to local governments. Orange County was designated and received \$28.8 million in ARPA funds. The ARPA funds are accounted for in the County's Coronavirus State and Local Fiscal Recovery Funds (CSLRF) special revenue fund.

The Board of Commissioners has approved the allocation of all ARPA funds. ARPA funds must be obligated by December 31, 2024, and fully spent by December 31, 2026

ARPA funds are intended to broadly address the negative impacts of the COVID-19 pandemic on individuals, This Treasury guidance establishes five broad categories for potential investments:

1. Support public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
2. Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector;
3. Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
4. Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and,

Management's Discussion and Analysis

5. Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and storm water infrastructure, and to expand access to broadband internet.

Broadband Infrastructure, Housing and Human Services has been the County's primary ARPA expenditure to date. The County has obligated \$10 million each for Broadband and Housing initiatives. The County has timely submitted its quarterly expenditure report to the U.S. Treasury Department. The County will expend the remaining \$14 million by December 30, 2026. The remaining expenditures will fund rural Broadband infrastructure, Fire District radio upgrades and Emergency Housing initiatives.

As of this ACFR issuance there are no remaining CSLFRF funds to be obligated in view of the December 30, 2024 and December 30, 2026 obligation and spending deadlines.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Chief Financial Officer for the County, P.O. Box 8181, Hillsborough, North Carolina 27278.

Complete financial statements for the ABC Board may be obtained at its administrative office, Orange County ABC Board, 122 Highway 70 East, Hillsborough, North Carolina 27278.

ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Orange County ABC Board
ASSETS				
Cash and investments - unrestricted	\$ 105,032,661	\$ 18,744,533	\$ 123,777,194	\$ 3,714,166
Cash and investments - restricted	84,445,469	969,837	85,415,306	-
Receivables:				
Taxes receivable, net	4,499,827	-	4,499,827	-
Due from other governments	18,062,702	103,370	18,166,072	-
Leases receivable	1,245,432	-	1,245,432	-
Other receivables, net	1,811,583	236,165	2,047,748	788
Inventories and prepaid items	11,804	-	11,804	4,062,885
Net pension asset	142,119	-	142,119	-
Capital assets:				
Non-depreciable assets	42,841,236	3,047,276	45,888,512	1,951,041
Depreciable assets, net	110,187,618	16,560,869	126,748,487	9,252,616
Right-to-use assets, net	7,644,820	-	7,644,820	1,662,018
Notes receivable	1,171,684	-	1,171,684	15,476
Total assets	377,096,955	39,662,050	416,759,005	20,658,990
DEFERRED OUTFLOWS OF RESOURCES	53,084,272	1,446,834	54,531,106	932,167
LIABILITIES				
Accounts payable	10,557,411	422,165	10,979,576	736,767
Accrued payroll and other liabilities	4,906,033	338,288	5,244,321	871,843
Accrued interest payable	3,417,062	-	3,417,062	-
Unearned revenue	15,367,506	268,254	15,635,760	-
Long-term liabilities:				
Due within one year	34,341,974	1,865,836	36,207,810	378,278
Due in more than one year	461,139,529	17,803,380	478,942,909	5,936,562
Total liabilities	529,729,515	20,697,923	550,427,438	7,923,450
DEFERRED INFLOWS OF RESOURCES	45,929,833	49,767	45,979,600	205,399
NET POSITION				
Net investment in capital assets	68,828,030	10,017,187	78,845,217	8,548,978
Restricted for:				
Stabilization by State Statute	23,530,505	-	23,530,505	-
Register of Deeds' pension plan	142,119	-	142,119	-
Public safety	2,647,162	-	2,647,162	-
Human services	4,174,296	-	4,174,296	-
Community services	3,058,774	-	3,058,774	-
Working capital	-	-	-	919,582
Unrestricted (deficit)	(247,859,007)	10,344,007	(237,515,000)	3,993,748
Total net position	\$ (145,478,121)	\$ 20,361,194	\$ (125,116,927)	\$ 13,462,308

The accompanying notes are an integral part of these financial statements.

ORANGE COUNTY, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
Community services	\$ 20,734,639	\$ 2,135,320	\$ 774,459	\$ -
General government	25,398,164	3,815,396	9,907,276	-
Public safety	45,887,225	7,499,918	3,590,754	-
Human services	58,984,570	1,769,394	18,347,811	-
Education	144,538,477	-	1,402,354	-
Support services	17,145,499	-	80,457	-
Interest on long-term debt	8,728,060	-	-	-
Total governmental activities	<u>321,416,634</u>	<u>15,220,028</u>	<u>34,103,111</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES				
Solid waste landfill	9,651,419	11,001,798	-	-
Sportsplex	4,260,509	4,769,351	-	-
Total business-type activities	<u>13,911,928</u>	<u>15,771,149</u>	<u>-</u>	<u>-</u>
Total primary government	<u>335,328,562</u>	<u>30,991,177</u>	<u>34,103,111</u>	<u>-</u>
COMPONENT UNIT				
Orange County ABC Board	<u>\$ 30,007,902</u>	<u>\$ 31,208,975</u>	<u>\$ -</u>	<u>\$ -</u>

GENERAL REVENUES

Ad valorem taxes
 Sales and use taxes
 Other taxes
 Grants and contributions not restricted to
 specific programs
 Investment earnings
 Miscellaneous
 Total general revenues
 Change in net position

NET POSITION

Beginning balances, as previously reported
 Change in accounting principle
 Beginning balances, as restated
 Ending balances

The accompanying notes are an integral part of these financial statements.

**Net (Expenses) Revenues and
Changes in Net Position**

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Orange County ABC Board
\$ (17,824,860)	\$ -	\$ (17,824,860)	\$ -
(11,675,492)	-	(11,675,492)	-
(34,796,553)	-	(34,796,553)	-
(38,867,365)	-	(38,867,365)	-
(143,136,123)	-	(143,136,123)	-
(17,065,042)	-	(17,065,042)	-
(8,728,060)	-	(8,728,060)	-
<u>(272,093,495)</u>	<u>-</u>	<u>(272,093,495)</u>	<u>-</u>
-	1,350,379	1,350,379	-
-	508,842	508,842	-
-	1,859,221	1,859,221	-
<u>(272,093,495)</u>	<u>1,859,221</u>	<u>(270,234,274)</u>	<u>-</u>
-	-	-	1,201,073
221,142,931	-	221,142,931	-
49,306,542	-	49,306,542	-
1,947,970	396,532	2,344,502	-
7,338,254	-	7,338,254	-
5,045,687	387,675	5,433,362	-
2,763,751	-	2,763,751	4,467
<u>287,545,135</u>	<u>784,207</u>	<u>288,329,342</u>	<u>4,467</u>
<u>15,451,640</u>	<u>2,643,428</u>	<u>18,095,068</u>	<u>1,205,540</u>
(162,047,683)	17,717,766	(144,329,917)	12,256,768
1,117,922	-	1,117,922	-
<u>(160,929,761)</u>	<u>17,717,766</u>	<u>(143,211,995)</u>	<u>12,256,768</u>
<u>\$ (145,478,121)</u>	<u>\$ 20,361,194</u>	<u>\$ (125,116,927)</u>	<u>\$ 13,462,308</u>

ORANGE COUNTY, NORTH CAROLINA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2023

	General Fund	Debt Service Fund	American Rescue Plan Act Fund
ASSETS			
Cash and investments - unrestricted	\$ 67,532,871	\$ 6,746,061	\$ 14,701,488
Cash and investments - restricted	509,691	-	-
Receivables:			
Property taxes receivable, net	2,083,087	-	-
Due from other governments	17,448,514	-	-
Leases receivable	1,245,432	-	-
Other receivables, net	1,602,345	-	-
Due from other funds	971,085	-	-
Inventories and prepaid items	11,804	-	-
Notes receivable	5,543	-	-
Total assets	91,410,372	6,746,061	14,701,488
LIABILITIES			
Accounts payable	2,257,044	-	149,984
Due to other funds	-	-	-
Accrued payroll and other liabilities	4,641,955	-	11,182
Unearned revenue	384,689	-	14,541,496
Total liabilities	7,283,688	-	14,702,662
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - intergovernmental	-	-	-
Unavailable revenue - property taxes receivable	1,815,967	-	-
Prepaid property taxes	686,294	-	-
Deferred lease revenues	1,216,158	-	-
Total deferred inflows of resources	3,718,419	-	-
FUND BALANCES			
Nonspendable	46,621	-	-
Restricted:			
Stabilization by State Statute	21,845,304	-	-
Public safety	-	-	-
Human services	-	-	-
Community services	-	-	-
Education	-	-	-
Capital projects	-	-	-
Committed:			
Health benefits	8,293,841	-	-
Education	-	-	-
Debt service	-	6,746,061	-
Human services	-	-	-
Assigned:			
To be used in the subsequent fiscal year	7,000,000	-	-
Capital projects	-	-	-
Unassigned	43,222,499	-	(1,174)
Total fund balances	80,408,265	6,746,061	(1,174)
Total liabilities, deferred inflows of resources, and fund balances	\$ 91,410,372	\$ 6,746,061	\$ 14,701,488

The accompanying notes are an integral part of these financial statements.

County Capital Improvements Fund	School Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 15,367,754	\$ 104,348,174
53,744,087	30,191,691	-	84,445,469
-	-	2,416,740	4,499,827
31,119	-	583,069	18,062,702
-	-	-	1,245,432
-	-	201,806	1,804,151
-	-	-	971,085
-	-	-	11,804
-	-	1,166,141	1,171,684
<u>53,775,206</u>	<u>30,191,691</u>	<u>19,735,510</u>	<u>216,560,328</u>
1,804,487	4,659,366	528,856	9,399,737
-	-	971,085	971,085
-	-	252,896	4,906,033
-	-	441,321	15,367,506
<u>1,804,487</u>	<u>4,659,366</u>	<u>2,194,158</u>	<u>30,644,361</u>
-	-	82,283	82,283
-	-	534,891	2,350,858
-	-	-	686,294
-	-	-	1,216,158
<u>-</u>	<u>-</u>	<u>617,174</u>	<u>4,335,593</u>
-	-	166,141	212,762
-	-	1,685,201	23,530,505
-	-	2,647,162	2,647,162
-	-	4,174,296	4,174,296
-	-	3,058,774	3,058,774
-	25,532,325	-	25,532,325
51,970,719	-	-	51,970,719
-	-	-	8,293,841
-	-	3,236,244	3,236,244
-	-	-	6,746,061
-	-	664,225	664,225
-	-	-	7,000,000
-	-	2,038,746	2,038,746
-	-	(746,611)	42,474,714
<u>51,970,719</u>	<u>25,532,325</u>	<u>16,924,178</u>	<u>181,580,374</u>
<u>\$ 53,775,206</u>	<u>\$ 30,191,691</u>	<u>\$ 19,735,510</u>	<u>\$ 216,560,328</u>

ORANGE COUNTY, NORTH CAROLINA

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES TO THE STATEMENT OF NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2023

Amounts reported for governmental activities in the Statement of Net Position are different because:

Ending fund balances - total governmental funds	\$	181,580,374
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Capital assets and right-to-use assets used in governmental activities are not financial resources, therefore, the assets are not reported in the governmental funds:

Assets not subject to depreciation	\$	42,841,236	
Assets subject to depreciation		196,993,339	
Right-to-use lease assets		9,306,417	
Right-to-use subscription assets		4,876,693	
Less: accumulated depreciation and amortization		<u>(93,344,011)</u>	160,673,674

Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenues in the governmental funds.

Unavailable revenue - property taxes	\$	2,350,858	
Unavailable revenue - intergovernmental		<u>82,283</u>	2,433,141

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Bonds payable, net of unamortized premiums	\$	(125,982,633)	
Installment notes payable, net of unamortized premiums		(194,189,423)	
Leases payable		(4,398,962)	
Subscriptions payable		(2,255,942)	
Accrued interest payable		(3,417,062)	
Unamortized deferred charges from debt refundings		2,531,533	
Claims payable		(318,018)	
Compensated absences		<u>(4,846,758)</u>	(332,877,265)

The net pension liability (LGERS), total pension liability (LEOSSA), and net pension asset (RODSPF), as well as the related deferred outflows and inflows of resources are not expected to be liquidated with expendable available resources and, therefore, are not reported in the governmental funds.

Net pension liability (LGERS)	\$	(36,805,483)	
Total pension liability (LEOSSA)		(6,143,097)	
Net pension asset (RODSPF)		142,119	
Deferred outflows of resources - pension items		26,132,443	
Deferred inflows of resources - pension items		<u>(1,772,974)</u>	(18,446,992)

The net OPEB liability and the related deferred outflows and inflows of resources are not expected to be liquidated with expendable available resources and, therefore, are not reported in the governmental funds.

Net OPEB liability	\$	(120,541,187)	
Deferred outflows of resources - OPEB items		24,420,296	
Deferred inflows of resources - OPEB items		<u>(42,254,407)</u>	(138,375,298)

The internal service fund is used by the County to charge costs to other funds. The assets and liabilities are included in the governmental activities.

(465,755)

Net position of governmental activities			<u><u>\$ (145,478,121)</u></u>
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The accompanying notes are an integral part of these financial statements.

ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Debt Service Fund	American Rescue Plan Act Fund
REVENUES			
Property taxes	\$ 188,249,567	\$ -	\$ -
Sales taxes	43,396,780	-	-
Other taxes	-	-	-
Unrestricted intergovernmental	5,898,533	-	-
Restricted intergovernmental	13,464,582	-	8,592,086
Charges for services	14,035,772	-	-
Investment earnings	1,811,962	-	-
License and permits	247,428	-	-
Miscellaneous	2,135,660	-	-
Total revenues	269,240,284	-	8,592,086
EXPENDITURES			
Current:			
Community services	14,595,312	-	-
General government	13,103,299	155,547	249,607
Public safety	33,434,999	-	96,393
Human services	38,758,538	-	7,190,192
Education	97,969,758	-	-
Support services	11,805,338	-	1,057,068
Capital outlay	-	-	-
Debt service:			
Principal retirements	4,222,453	27,066,934	-
Interest and other charges	117,399	10,344,039	-
Total expenditures	214,007,096	37,566,520	8,593,260
Excess (deficiency) of revenues over (under) expenditures	55,233,188	(37,566,520)	(1,174)
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	-	235,411	-
Issuance of leases	580,585	-	-
Issuance of subscriptions	986,524	-	-
Transfers from other funds	77,255	44,077,170	-
Transfers to other funds	(57,975,537)	-	-
Sale of capital assets	159,858	-	-
Other financing sources (uses), net	(56,171,315)	44,312,581	-
Net change in fund balances	(938,127)	6,746,061	(1,174)
FUND BALANCES:			
Beginning balances	81,346,392	-	-
Ending balances	\$ 80,408,265	\$ 6,746,061	\$ (1,174)

The accompanying notes are an integral part of these financial statements.

County Capital Improvements Fund	School Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 33,296,342	\$ 221,545,909
-	-	5,909,762	49,306,542
-	-	1,947,970	1,947,970
-	-	1,439,721	7,338,254
2,103,337	-	9,931,059	34,091,064
-	-	944,161	14,979,933
2,515,217	502,577	202,404	5,032,160
-	-	16,800	264,228
344,639	-	283,382	2,763,681
<u>4,963,193</u>	<u>502,577</u>	<u>53,971,601</u>	<u>337,269,741</u>
-	-	4,800,090	19,395,402
-	-	511,692	14,020,145
-	-	8,731,239	42,262,631
-	-	9,307,147	55,255,877
-	18,109,797	28,458,922	144,538,477
-	-	-	12,862,406
18,063,762	-	-	18,063,762
-	-	579,877	31,869,264
-	-	303,278	10,764,716
<u>18,063,762</u>	<u>18,109,797</u>	<u>52,692,245</u>	<u>349,032,680</u>
<u>(13,100,569)</u>	<u>(17,607,220)</u>	<u>1,279,356</u>	<u>(11,762,939)</u>
5,790,949	8,271,640	-	14,298,000
-	-	-	580,585
-	-	-	986,524
2,369,223	6,102,354	7,159,760	59,785,762
-	-	(4,602,450)	(62,577,987)
-	-	404,641	564,499
<u>8,160,172</u>	<u>14,373,994</u>	<u>2,961,951</u>	<u>13,637,383</u>
(4,940,397)	(3,233,226)	4,241,307	1,874,444
56,911,116	28,765,551	12,682,871	179,705,930
<u>\$ 51,970,719</u>	<u>\$ 25,532,325</u>	<u>\$ 16,924,178</u>	<u>\$ 181,580,374</u>

ORANGE COUNTY, NORTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	\$	1,874,444
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Governmental funds report capital outlays as expenditures; however, the cost of those assets is allocated over their estimated useful lives and reported as depreciation or amortization expense in the Statement of Activities. This is the amount by which capital outlays exceeded depreciation and amortization expense in the current period.

Capital outlay	\$ 14,082,882		
Depreciation and amortization expense	<u>(8,824,016)</u>		5,258,866

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.

Net book value of capital assets disposed	\$ <u>(600,316)</u>		(600,316)
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Receivables are deferred in the fund statements because they are not considered available and do not provide current financial resources. The following amounts are recognized as revenue in the Statement of Activities:

Net change in unavailable property tax revenues	\$ (402,978)		
Net change in unavailable intergovernmental revenues	<u>(12,086)</u>		(415,064)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The current year differences are as follows:

Long-term debt issued	\$ (15,865,109)		
Principal retirements	31,869,264		
Amortization of bond premiums	2,456,377		
Amortization of deferred charges on refunding	<u>(275,403)</u>		18,185,129

The following expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Net change in compensated absences	(721,031)
Net change in interest payable	(144,318)
Net change in claims payable	305,031
Pension expense - LGERS	(3,393,205)
Pension expense - LEOSSA	(453,276)
Pension expense - RODSPF	(13,800)
OPEB expense	(3,751,815)

Internal service funds are used by management to charge the costs of the County's insurance plan to individual funds. The net expense of the internal service fund is reported within governmental activities.

Change in net position - governmental activities	\$	<u>(679,005)</u>
		<u>15,451,640</u>

The accompanying notes are an integral part of these financial statements.

ORANGE COUNTY, NORTH CAROLINA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2023

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Property taxes	\$ 186,177,856	\$ 186,312,613	\$ 188,249,567	\$ 1,936,954
Sales tax	35,616,489	35,616,489	43,396,780	7,780,291
Unrestricted intergovernmental	5,270,278	5,584,381	5,898,533	314,152
Restricted intergovernmental	13,471,604	16,652,642	13,464,582	(3,188,060)
Charges for services	12,772,907	12,969,932	14,035,772	1,065,840
Investment earnings	10,300	691,800	1,811,962	1,120,162
License and permits	274,200	274,200	247,428	(26,772)
Miscellaneous	1,780,317	1,884,028	2,135,660	251,632
Total revenues	255,373,951	259,986,085	269,240,284	9,254,199
EXPENDITURES				
Current:				
Community service	14,690,753	15,435,289	14,595,312	839,977
General government	13,522,262	13,477,301	13,103,299	374,002
Public safety	31,919,210	33,574,670	33,434,999	139,671
Human services	43,038,664	42,621,703	38,758,538	3,863,165
Education	98,201,672	98,450,310	97,969,758	480,552
Support services	12,295,327	14,426,950	11,805,338	2,621,612
Debt service:				
Principal retirements	27,067,096	-	4,222,453	(4,222,453)
Interest and other charges	11,010,074	-	117,399	(117,399)
Total expenditures	251,745,058	217,986,223	214,007,096	3,979,127
Excess of revenues over expenditures	3,628,893	41,999,862	55,233,188	13,233,326
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	76,740	76,740	77,255	515
Transfers to other funds	(6,435,521)	(58,116,612)	(57,975,537)	141,075
Issuance of leases	-	-	580,585	580,585
Issuance of subscriptions	-	-	986,524	986,524
Sale of capital assets	121,000	121,000	159,858	38,858
Appropriated fund balance	2,608,888	15,919,010	-	(15,919,010)
Other financing (uses), net	(3,628,893)	(41,999,862)	(56,171,315)	(14,171,453)
Net change in fund balance	\$ -	\$ -	(938,127)	\$ (938,127)
Reconciliation to the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance (GAAP Basis):				
Fund balance, beginning of year			81,346,392	
Change in fund balance, Community Loan Fund			-	
Ending balance			\$ 80,408,265	

The accompanying notes are an integral part of these financial statements.

ORANGE COUNTY, NORTH CAROLINA

AMERICAN RESCUE PLAN ACT FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2023

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Restricted intergovernmental	\$ 28,889,722	\$ 28,889,722	\$ 8,592,086	\$ (20,297,636)
Total revenues	<u>28,889,722</u>	<u>28,889,722</u>	<u>8,592,086</u>	<u>(20,297,636)</u>
EXPENDITURES				
Current:				
Community services	300,000	300,000	-	300,000
General government	2,887,099	2,887,099	249,607	2,637,492
Public safety	2,781,051	2,781,051	96,393	2,684,658
Human services	12,664,750	12,664,750	7,190,192	5,474,558
Education	70,000	70,000	-	70,000
Support services	10,186,822	10,186,822	1,057,068	9,129,754
Total expenditures	<u>28,889,722</u>	<u>28,889,722</u>	<u>8,593,260</u>	<u>20,296,462</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,174)</u>	<u>\$ (1,174)</u>
FUND BALANCE				
Beginning balance			-	
Ending balance			<u>\$ (1,174)</u>	

The accompanying notes are an integral part of these financial statements.

ORANGE COUNTY, NORTH CAROLINA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023**

	Solid Waste Landfill	SportsPlex	Total Enterprise Fund	Internal Service Fund
ASSETS				
Current assets:				
Cash and investments - unrestricted	\$ 17,729,823	\$ 1,014,710	\$ 18,744,533	\$ 684,487
Cash and investments - restricted	285,113	684,724	969,837	-
Accounts receivable	224,669	11,496	236,165	7,432
Due from other governments	103,370	-	103,370	-
Total current assets	<u>18,342,975</u>	<u>1,710,930</u>	<u>20,053,905</u>	<u>691,919</u>
Capital assets:				
Nondepreciable assets	2,252,810	794,466	3,047,276	-
Depreciable assets, net	9,178,570	7,382,299	16,560,869	-
Capital assets, net	<u>11,431,380</u>	<u>8,176,765</u>	<u>19,608,145</u>	<u>-</u>
Total assets	<u>29,774,355</u>	<u>9,887,695</u>	<u>39,662,050</u>	<u>691,919</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>1,446,834</u>	<u>-</u>	<u>1,446,834</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	358,818	63,347	422,165	1,157,674
Accrued payroll and other liabilities	291,419	46,869	338,288	-
Unearned revenue	-	268,254	268,254	-
Current portion:				
Long-term debt	931,733	336,857	1,268,590	-
Landfill postclosure	447,673	-	447,673	-
Compensated absences payable	149,573	-	149,573	-
Total current liabilities	<u>2,179,216</u>	<u>715,327</u>	<u>2,894,543</u>	<u>1,157,674</u>
Noncurrent liabilities:				
Long-term debt	5,540,444	3,751,761	9,292,205	-
Landfill postclosure	6,131,437	-	6,131,437	-
Compensated absences payable	99,715	-	99,715	-
Net pension liability	2,280,023	-	2,280,023	-
Total noncurrent liabilities	<u>14,051,619</u>	<u>3,751,761</u>	<u>17,803,380</u>	<u>-</u>
Total liabilities	<u>16,230,835</u>	<u>4,467,088</u>	<u>20,697,923</u>	<u>1,157,674</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>49,767</u>	<u>-</u>	<u>49,767</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	5,244,316	4,772,871	10,017,187	-
Unrestricted	9,696,271	647,736	10,344,007	(465,755)
Total net position	<u>\$ 14,940,587</u>	<u>\$ 5,420,607</u>	<u>\$ 20,361,194</u>	<u>\$ (465,755)</u>

The accompanying notes are an integral part of these financial statements.

ORANGE COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Solid Waste Landfill	SportsPlex	Total Enterprise Fund	Internal Service Fund
OPERATING REVENUES				
Charges for services	\$ 10,590,452	\$ 4,769,351	\$ 15,359,803	\$ -
Employer and employee contributions	-	-	-	12,499,365
Other operating revenue	411,346	-	411,346	-
Total operating revenues	<u>11,001,798</u>	<u>4,769,351</u>	<u>15,771,149</u>	<u>12,499,365</u>
OPERATING EXPENSES				
Operations	5,600,865	1,978,902	7,579,767	15,889,500
General and administrative	2,815,469	1,635,291	4,450,760	94,692
Depreciation	1,014,082	503,366	1,517,448	-
Total operating expenses	<u>9,430,416</u>	<u>4,117,559</u>	<u>13,547,975</u>	<u>15,984,192</u>
Operating income (loss)	<u>1,571,382</u>	<u>651,792</u>	<u>2,223,174</u>	<u>(3,484,827)</u>
NON-OPERATING REVENUES (EXPENSES)				
Disposal taxes and reimbursements	396,532	-	396,532	-
Investment earnings	385,106	2,569	387,675	13,597
Interest expense	(221,003)	(142,950)	(363,953)	-
Non-operating revenue (expenses), net	<u>560,635</u>	<u>(140,381)</u>	<u>420,254</u>	<u>13,597</u>
Income (loss) before transfers	2,132,017	511,411	2,643,428	(3,471,230)
Transfers from other funds	-	-	-	2,792,225
Change in net position	<u>2,132,017</u>	<u>511,411</u>	<u>2,643,428</u>	<u>(679,005)</u>
NET POSITION				
Beginning balances, as previously reported	12,808,570	4,909,196	17,717,766	213,250
Ending balances	<u>\$ 14,940,587</u>	<u>\$ 5,420,607</u>	<u>\$ 20,361,194</u>	<u>\$ (465,755)</u>

The accompanying notes are an integral part of these financial statements.

ORANGE COUNTY, NORTH CAROLINA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Solid Waste Landfill</u>	<u>SportsPlex</u>	<u>Total Enterprise Fund</u>	<u>Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 11,606,125	\$ 4,856,320	\$ 16,462,445	\$ 12,491,933
Cash paid for goods and services	(5,745,768)	(2,049,041)	(7,794,809)	(15,280,099)
Cash paid to employees	(4,582,554)	(1,690,953)	(6,273,507)	-
Net cash provided (used) by operating activities	<u>1,277,803</u>	<u>1,116,326</u>	<u>2,394,129</u>	<u>(2,788,166)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers to other funds	-	-	-	-
Transfers from other funds	-	-	-	2,792,225
Net cash provided by non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,792,225</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition/construction of capital assets	(953,855)	-	(953,855)	-
Principal payments on long-term debt	(919,792)	(551,779)	(1,471,571)	-
Interest paid and fiscal fees paid	(291,798)	(192,926)	(484,724)	-
Net cash used for capital and related financing activities	<u>(2,165,445)</u>	<u>(744,705)</u>	<u>(2,910,150)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	385,106	2,569	387,675	13,597
Net cash provided by investing activities	<u>385,106</u>	<u>2,569</u>	<u>387,675</u>	<u>13,597</u>
Net increase (decrease) in cash and cash equivalents	(502,536)	374,190	(128,346)	17,656
CASH AND CASH EQUIVALENTS				
Beginning balances	18,517,472	1,325,244	19,842,716	666,831
Ending balances	<u>\$ 18,014,936</u>	<u>\$ 1,699,434</u>	<u>\$ 19,714,370</u>	<u>\$ 684,487</u>
CASH AND CASH EQUIVALENTS				
Cash and investments - unrestricted	\$ 17,729,823	\$ 1,014,710	\$ 18,744,533	\$ 684,487
Cash and investments - restricted	285,113	684,724	969,837	-
Total cash and cash equivalents	<u>\$ 18,014,936</u>	<u>\$ 1,699,434</u>	<u>\$ 19,714,370</u>	<u>\$ 684,487</u>

The accompanying notes are an integral part of these financial statements.

ORANGE COUNTY, NORTH CAROLINA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Solid Waste Landfill</u>	<u>SportsPlex</u>	<u>Total Enterprise Fund</u>	<u>Internal Service Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 1,571,382	\$ 651,792	\$ 2,223,174	\$ (3,484,827)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Disposal taxes and reimbursements	396,532	-	396,532	-
Depreciation	1,014,082	503,366	1,517,448	-
Landfill closure and postclosure care costs	(987,224)	-	(987,224)	-
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Decrease (increase) in:				
Accounts receivable	211,444	5,170	216,614	(7,432)
Due from other governments	(3,649)	-	(3,649)	-
Deferred outflows - pensions	(469,837)	-	(469,837)	-
Increase (decrease) in:				
Accounts and claims payable	(864,339)	(70,139)	(934,478)	704,093
Accrued payroll withholdings	44,541	(55,662)	(11,121)	-
Unearned revenue	-	81,799	81,799	-
Compensated absences payable	19,268	-	19,268	-
Net pension liability	1,499,003	-	1,499,003	-
Deferred inflows - pensions	(1,153,400)	-	(1,153,400)	-
Net cash provided (used) by operating activities	<u>\$ 1,277,803</u>	<u>\$ 1,116,326</u>	<u>\$ 2,394,129</u>	<u>\$ (2,788,166)</u>

ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	<u>OPEB Trust Fund</u>	<u>Custodial Funds</u>
ASSETS		
Cash and investments - restricted	\$ 381,735	\$ 251,029
Total assets	<u>381,735</u>	<u>251,029</u>
LIABILITIES		
Accounts payable	-	38,540
Accrued liabilities	-	53,504
Total liabilities	<u>-</u>	<u>92,044</u>
NET POSITION		
Restricted for:		
Other postemployment benefits	381,735	-
Individuals, organizations and other governments	-	158,985
Total net position	<u>\$ 381,735</u>	<u>\$ 158,985</u>

The accompanying notes are an integral part of these financial statements.

ORANGE COUNTY, NORTH CAROLINA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	OPEB Trust Fund	Custodial Funds
ADDITIONS		
Employer contributions	\$ 3,529,472	\$ -
Charges for services	-	18,090
Collections on behalf of inmates	-	297,476
Donations	-	32,001
Payments from Orange County	-	1,544
Investment earnings	18,702	3,562
Total additions	3,548,174	352,673
DEDUCTIONS		
Benefit payments	3,529,472	-
Payments on behalf of inmates	-	304,839
Corp loans disbursed	-	37,498
Other	-	76,284
Total deductions	3,529,472	418,621
Change in net position	18,702	(65,948)
NET POSITION		
Beginning balances	363,033	224,933
Ending balances	\$ 381,735	\$ 158,985

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

ORANGE COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Orange County, North Carolina (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County's significant accounting policies are described below.

A. Reporting Entity

The County was founded in 1752 and is located in the northcentral portion of North Carolina (the "State") on the Piedmont Plateau. The County has a commissioner/manager form of government with a seven-member elected Board of Commissioners (the "Board") comprising the governing body. The County provides the following services to its citizens: public health, public safety, mental health, social service programs, planning and zoning, cultural and recreational programs, and housing and community development service programs. In addition, inspections, environmental resources, land records, and vital statistics information are provided. Elementary and secondary education is provided by the State through locally elected educational boards with the assistance of the County.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County and its component units. The County's component units are discussed below and are included in the County's reporting entity because of the significance of their operational and financial relationship with the County. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

Discretely Presented Component Units

Orange County Alcoholic Beverage Control Board. The Orange County Alcoholic Beverage Control Board (the "ABC Board") operates retail liquor stores within the County and investigates violations of laws pertaining to retail liquor sales. The five members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute surpluses to the General Fund of the County. Complete separate financial statements for the ABC Board may be obtained at its administrative office:

Orange County ABC Board
122 Highway 70 East
Hillsborough, North Carolina 27278

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Orange County Industrial Facility and Pollution Control Financing Authority. The Orange County Industrial Facility and Pollution Control Financing Authority (the "Authority") exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority is governed by a three-member Board of Commissioners, all of whom are appointed by the Board. The County can remove any commissioner of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the County's financial statements. The Authority does not issue separate financial statements.

B. Basis of Presentation

Government-wide Statements. The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements in all material areas. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each of which is displayed in a separate column. All remaining government and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the primary government, except those required to be accounted for in another fund.

Debt Service Fund. The Debt Service Fund accounts for the accumulation of resources and payment of principal and interest on debt.

American Rescue Plan Act Fund. This is a special revenue fund. It accounts for the Coronavirus State and Local Fiscal Recovery Funds received by the County pursuant to the passage of the American Rescue Plan Act of 2021.

County Capital Improvements Fund. This is a capital project fund. It is used to account for the financial resources used for the acquisition, renovation, and improvement of public facilities.

School Capital Improvements Fund. This is a capital project fund. It accounts for financial resources used for the construction, acquisition, and renovation of public school facilities. Ownership of the facilities are conveyed to the local education agencies when completed.

The County reports the following major proprietary funds:

Solid Waste Landfill Fund. This is an enterprise fund. It is used to account for the revenues and expenses related to the provision of solid waste disposal and recycling activities for the citizens of Orange County.

SportsPlex Fund. This is an enterprise fund. It is used to account for the operation and maintenance of the Triangle SportsPlex.

The County reports the following fiduciary funds:

OPEB Trust Fund. This fund is used to report resources that are required to be held in trust for the members and beneficiaries of the County's Other Post Employment Benefit (OPEB) retiree health plan.

Custodial Funds. These funds are used to report fiduciary activities not required to be reported in trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains four custodial funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

The County reports the following other funds:

Non-major governmental funds. The County maintains twenty-five non-major special revenue and capital projects funds.

Internal service fund. The County maintains one internal service fund that is used to account for the County's health and dental insurance benefit it provides to its employees.

C. Measurement Focus and Basis of Accounting

NCGS 159-26 requires the County to maintain all of its funds on the modified accrual basis of accounting during the year.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. These statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Non-change transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental Fund Financial Statements. These statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers most revenues to be available if they are collected within 90 days after year-end, except for property taxes which use a 60-day period. Since September 1, 2013, the State has been responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts.

These property taxes are due when vehicles are registered. Motor vehicle property tax revenues are applicable to the fiscal year in which they are received.

Sales taxes and certain intergovernmental revenues collected and held by the State at year-end on behalf of the County, are recognized as revenue. Other intergovernmental revenues are not susceptible to accrual because generally they are not measurable until received in cash. All taxes are reported as general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and leases, claims and judgements, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions, including those acquired via leasing arrangements, are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes (NCGS or G.S.). An annual budget ordinance is adopted for the General Fund, special revenue funds (excluding certain multi-year project funds), all enterprise operating funds and the internal service fund. Project ordinances are adopted for certain multi-year special revenue funds, capital project funds and capital project funds within each major enterprise fund. The enterprise capital project funds are consolidated with their respective operating fund for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the function level for all annually budgeted funds and at the project level for all project ordinances. Amendments are required for any revisions that alter total expenditures of any fund or that change appropriations by more than \$5,000. The Board must approve all amendments. During the year, the original budget ordinances were amended through supplemental appropriations. These changes are reflected in the supplemental budgetary comparison statements and schedules.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgetary Data (Continued)

The budget ordinance must be adopted by July 1 of each fiscal year, or the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted. All annually adopted budgetary appropriations lapse at the end of the fiscal year.

E. Deposits and Investments

All deposits of the County are made in board-designated official depositories and are secured as required by NCGS 159-31. The County may designate, as an official depository, any bank or savings association whose principal office is located in the State. Also, the County may establish time deposit accounts such as NOW and SuperNOW accounts, money market deposit accounts, and certificate of deposit.

NCGS 159-30(c) authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

NCGS 159-30.1 allows the County to establish and fund an irrevocable trust for the purpose of paying OPEB expenses for which the County is liable. The County's OPEB Trust is managed by the staff of the Department of the State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC and NCGS 159-30(g) allows the County to make contributions to the Trust. The State Treasurer in his discretion may invest the proceeds in equities of certain publicly held companies and long or short-term fixed income investments as detailed in NCGS 147-69.2(b)(1-6) and (8).

Funds submitted are managed in three different sub-funds, the State Treasurer's Short Term Investment Fund (the "STIF") consisting of short to intermediate treasuries, agencies and corporate issues authorized by NCGS 147-69.1, the Bond Index Fund (the "BIF") consisting of high quality debt securities eligible under NCGS 147-69.2(b)(1)-(6), and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund authorized under NCGS 147-69.2(b)(8).

The majority of the County's investments are carried at fair value. Non-participating interest earning investment contracts are accounted for at cost.

NCCMT. This investment is authorized by NCGS 159-30(c)(8) and consists of an SEC-registered fund. The fund, the Government Portfolio, is a 2a7 fund which invests in treasuries and government agencies and is rated AAAM by S&P and AAmf by Moody's Investor Services. The Government Portfolio is reported at fair value.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deposits and Investments (Continued)

The STIF. This investment is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. These investments are valued by the custodian using Level 2 inputs which in this case involves inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2023, of 1.3 years. Under the authority of NCGS 147.69.3, no unrealized gains or losses of the STIF are distributed participants of the fund.

The BIF. This investment is measured at fair value using Level 2 inputs and is based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings. The BIF does not have a credit rating, was valued at \$1 per unit and had an average maturity of 8.70 years at June 30, 2023.

The BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund. This investment is a common trust fund considered to be commingled in nature. The investment's fair value is the number of shares times the net asset value as determined by a third party. At June 30, 2023, the fair value of the funds was \$31.816 per share. Fair value of this investment is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

F. Cash and Cash Equivalents

The County pools moneys from all funds, except the OPEB Trust Fund, to facilitate disbursement and investment and to maximize investment earnings. Therefore, all cash and investments are considered cash and cash equivalents.

G. Restricted Assets

The unexpended debt proceeds of the governmental funds/governmental activities are classified as restricted assets because their use is completely restricted to the purpose for which the debt was originally issued. The unexpended debt proceeds of the enterprise funds/business-type activities are classified as restricted assets because their use is completely restricted to the purpose for which the debt was originally issued. Cash and investments in the OPEB Trust Fund is considered restricted because it can only be used to pay OPEB obligations.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

In accordance with NCGS 105-347 and NCGS 159-13(a), the County levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2022.

I. Allowances

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing any currently doubtful accounts as well as the percentage of receivables that were written off in prior years.

J. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government wide financial statements as “internal balances.”

K. Leases

Lessee

The County is a lessee for multiple noncancellable lease of land, real property, equipment and vehicles. The County recognizes a lease liability and an intangible right-to-use leased asset in the government-wide financial statements. The County recognizes lease liabilities and leased right to use assets in accordance with its capitalization policy (Note 1-N).

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Leases (Continued)

Lessee (Continued)

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

In the statement of net position, lease assets are reported with other capital assets and lease liabilities are reported with other long-term liabilities as amounts due within one year and amounts due in more than one year.

Lessor

The County is the lessor for certain noncancellable lease of real property and land within existing County buildings and land. The County recognizes a lease receivable and a deferred inflow of resources for deferred lease revenue in accordance with these transactions.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments made at or before the lease commencement date, less certain other amounts to be paid by the County (if any). Subsequently, the deferred inflow of resources is amortized into lease revenue on a straight-line basis over the lease term.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The lease agreements entered into by the County as lessor do not include stated interest rates. Therefore, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments that the County will receive over the term of the lease agreement.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Leases (Continued)

Lessor (Continued)

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease.

L. Subscription-Based Information Technology Arrangements

The County has executed contracts that qualify as noncancellable subscription-based information technology arrangements (SBITAs). The County recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide and enterprise fund financial statements. At the commencement of a SBITA, the County initially measures the subscription liability at the present value of payments expected to be made during the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the SBITA commencement date, plus certain implementation and other costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life – which is the shorter of the SBITA term or the useful life of the underlying asset.

Key estimates and judgments related to SBITA include how the County determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments:

- The County uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancellable period of the SBITA. SBITA payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option prices that the SBITA is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term liabilities as amounts due within one year and amounts due in more than one year on the Statement of Net Position.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Inventories

The inventories of the County are valued at cost (first-in, first-out) which approximates market.

N. Prepaid Items

Payments made to vendors for services that will benefit future periods are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method in the governmental funds.

O. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets (including right-to-use leased assets) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets received prior to July 1, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015, are recorded at acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The County holds title to certain Orange County Board of Education and Chapel Hill-Carrboro City Board of Education (the "Schools") properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs.

Agreements between the County and the Schools give the Schools full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Schools once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are recorded as capital assets in the Schools' respective financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Capital Assets (Continued)

Capital assets of the County and right-to-use leased assets, are depreciated on a straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Land improvements	20 to 30 years
Building and leasehold improvements	20 to 30 years
Automotive equipment	3 to 5 years
Other equipment	5 to 20 years

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. One item that qualifies for reporting in this category is the deferred charge on refunding reported in the government-wide and proprietary fund statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred, as either a deferred outflow or deferred inflow of resources, and amortized over the shorter of the life of the refunded debt or the refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two (2) items that qualify for reporting in this category which occurs in the governmental activities and governmental funds. The County reports a deferred inflow of resources for the property taxes paid in advance of the period they were intended to finance. These property taxes will be recognized as revenue in the subsequent fiscal year. The County also reports a deferred inflow of resources for deferred revenues from leases which will be amortized on a straight-line basis over the life of the underlying lease. Additionally, the County reports one (1) item which is reported as a deferred inflow of resources which arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the accrual of ad valorem taxes and intergovernmental revenues which are earned by the County but are not considered available for the liquidation of current expenditures. Additionally, deferred inflows of resources are reported for outstanding lien receivables which are not collected within 90 days of the County's fiscal year-end.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Deferred Outflows/Inflows of Resources (Continued)

The County also has deferred inflows and outflows related to the recording of changes in its net pension liability – LGERS, net pension liability – ROD, total pension liability – LEOSA, and net other postemployment benefit (OPEB) liability. Certain changes in the net pension liability and net OPEB liability are recognized as expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the County's actuary which adjust the net pension liability and net OPEB liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability and net OPEB liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expense over the expected remaining service lives of plan members. Changes in proportion and differences between employer contributions and proportionate share of contributions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on plan investments and actual return on those investments is also deferred and amortized against pension expense over a five-year period.

Q. Compensated Absences

Permanent employees of the County can earn vacation leave at the rate of 12 days per year for the first two years up to a maximum of 24 days per year after 20 years. Vacation leave may be accumulated with a maximum until January 31 of each year. On that date, any accumulated vacation leave in excess of 240 hours is converted to sick leave. The maximum amount of vacation leave that can be carried forward to February 1 is 240 hours. At termination, employees are paid for any accumulated vacation leave. These amounts are paid from the same fund to which the employee's salary is charged. Permanent employees of the County earn sick leave at a rate of 12 days per year. There is no limit on the accumulation of sick leave for the County. Sick leave does not vest with employees and therefore the County does not report a liability for unused sick leave.

R. Long-term Obligations

In the government-wide financial statements and proprietary fund types fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are accrued and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are expensed in the year of issuance.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Long-term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

S. Opioid Settlement Funds

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded.

North Carolina's Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds as follows:

- 15% directly to the State ("State Abatement Fund")
- 80% to abatement funds established by Local Governments ("Local Abatement Funds")
- 5% to a County Incentive Fund.

The County received \$620,309 as part of this settlement in fiscal year 2023. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30, 2023. The MOA offered the County two options of expending the funds which will be determined in fiscal year 2024.

T. Net Position/Fund Balances

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by federal or state law.

Fund balances in the governmental fund financial statements are composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balances can be spent. Fund balances are classified as follows:

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Net Position/Fund Balances (Continued)

Nonspendable fund balance. This classification includes amounts that cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash), or (b) legally or contractually required to be maintained intact.

- Inventories and prepaid items - portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories and prepaid items, which are not expendable available resources.
- Notes receivable - portion of fund balance that is not an available resource because it represents the year-end balance of notes receivable, which are not expendable available resources.

Restricted fund balance. This classification includes amounts that are restricted to specific purposes externally imposed by creditors, grantors, contributors, laws or regulations of other governments.

- Restricted for stabilization by State statute - G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS) is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by the nonspendable portion of fund balance. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.
- Restricted for public safety - This portion of fund balance is restricted by revenue source for certain public safety programs of the County.
- Restricted for human services - This portion of fund balance is restricted by revenue source for certain human services programs of the County. It also includes amounts that can only be used to benefit beneficiaries under the Social Security's Representative Payee Program.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Net Position/Fund Balances (Continued)

Restricted fund balance (continued).

- Restricted for community services - This portion of fund balance is restricted by revenue source for certain community services programs of the County.
- Restricted for education - This portion of fund balance is restricted by financing source for the specific school projects the debt was originally issued.
- Restricted for capital projects - This portion of fund balance is restricted by financing source for the specific projects the debt was originally issued.

Committed fund balance. This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board. Similarly, the Board may only modify or rescind the commitment by formal action of the Board.

- Committed for health benefits - This portion of fund balance has been constrained by the Board to pay health benefits for employees of the County.
- Committed for education - This portion of fund balance has been constrained by the Board from sales tax to be used for projects to benefit the Schools.
- Committed for human services - This portion of fund balance has been constrained by the Board for the County's adoption assistance program.

Assigned fund balance. This classification includes amounts constrained by the Board to be used for specific purposes but, are neither restricted nor committed.

- To be used in the subsequent fiscal year - This portion of fund balance has been appropriated in the next year's budget and has not been classified as restricted or committed.

Unassigned fund balance. This classification includes the remaining portion of fund balance that is spendable and has not been restricted, committed or assigned. Any governmental fund with a fund deficit is classified as unassigned.

The County has a formal Board adopted minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that unassigned fund balance be maintained at 16.0 percent of total expenditures in the General Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Flow Assumptions

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order: (1) Committed, (2) Assigned, and (3) Unassigned. The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

V. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and the Register of Deeds' Supplemental Pension Fund (RODSPF) and additions to/deductions from LGERS' and RODSPF's fiduciary net position have been determined on the same basis as they are reported by LGERS and RODSPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

W. Other Postemployment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's Postemployment Healthcare Benefits Plan (PHCB Plan) and additions to/deductions from PHCB Plan's fiduciary net position have been determined on the same basis as they are reported by the PHCB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

X. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, deferred inflows of resources, and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit in fund balance. The County's FEMA Relief Fund reports a deficit fund balance of \$744,006 as of June 30, 2023. This deficit will be eliminated in subsequent years via the reimbursement of pandemic-related expenditures from FEMA for which the County has submitted applications and is awaiting notification of funding.

The County's American Rescue Plan Act Fund and the Spay/Neuter Fund reports a deficit fund balance of \$1,174 and \$2,605, respectively. These deficits will be alleviated via the collection of revenues or General Fund appropriation, as necessary.

NOTE 3. DEPOSITS AND INVESTMENTS

All the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the County's agents in the County's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by their agents in the County's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the escrow agent.

Because of the inability to measure the exact amounts of collateral pledged for the County under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of NCGS 159-31 when designating official depositories and verifying that deposits are properly secured.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

The County's deposits, at June 30, 2023, had a carrying amount of \$51,712,535 and a bank balance of \$51,643,427. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$51,143,427 was covered by collateral held under the Pooling Method. The County's petty cash accounts, at June 30, 2023, totaled \$5,409. Total deposits as of June 30, 2023, are summarized as follows:

Cash and cash equivalents	\$	123,777,194
Restricted cash and cash equivalents		85,415,306
Statement of Fiduciary Net Position		632,764
		\$ 209,825,264
Cash deposited with financial institution	\$	51,712,535
Petty cash		5,409
NCCMT - Government Portfolio		157,725,585
STIF		381,735
		\$ 209,825,264

All investments of the County are measured using the market approach using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The County's investment balances, at June 30, 2023, consist of the following:

Investment Type	Measurement Method	Fair Value	Less than 6 months
NCCMT- Government Portfolio	Fair Value - Level 1	\$ 157,725,585	\$ 157,725,585
STIF	Fair Value - Level 2	381,735	381,735
Total Investments		\$ 158,107,320	\$ 158,107,320

The NCCMT Government Portfolio has a weighted average maturity of less than 90 days; therefore, it is presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has a AAAm rating from S&P and AA-mf by Moody's Investor Service.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

The OPEB Trust Fund is invested in the State Treasurer's STIF pursuant to NCGS 159-30.1. The STIF may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the NCGS. The County, at June 30, 2023, was invested as follows: BlackRock's MSCI ACWI EQ Index Non-lendable Class B Fund 99.88%, and North Carolina Non-Pension Fixed Income 0.12%.

Interest Rate Risk. The County does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates.

Credit risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The County's investments consist of investments in the NCCMT Government Portfolio which carried a credit rating of AAAM by Standard & Poor's as of June 30, 2023.

The County does not have a formal investment policy regarding credit risk for the OPEB Trust Fund. The STIF is unrated and authorized under NCGS 147-69.1. The STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate term treasuries, agencies, and money market instruments. The BIF is unrated and authorized under NCGS 147-69.1 and 147-69.2. The State Treasurer's BIF is invested in high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6). The Blackrock MSCI ACWE EQ Index Non-Lendable Class B Fund is unrated.

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. NCGS 159-31 requires all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. The County's deposits are insured or collateralized at June 30, 2023, as required by NCGS.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES

The County's receivable balances at June 30, 2023, consisted of the following:

	<u>General</u>	<u>County Capital Improvements</u>	<u>School Capital Improvements</u>	<u>American Rescue Plan Act</u>
Receivables:				
Taxes	\$ 4,095,036	\$ -	\$ -	\$ -
Notes	5,543	-	-	-
Accounts	4,719,625	31,119	-	-
Due from other governments	17,448,514	-	-	-
Lease	1,245,432	-	-	-
Less allowance for uncollectible	(5,129,229)	-	-	-
Net Receivables	<u>\$ 22,384,921</u>	<u>\$ 31,119</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Solid Waste Landfill</u>	<u>SportsPlex</u>
Receivables:				
Taxes	\$ -	\$ 2,416,740	\$ -	\$ -
Notes	-	1,166,141	-	-
Accounts	-	201,806	224,669	11,496
Due from other governments	-	583,069	103,370	-
Less allowance for uncollectible	-	-	-	-
Net Receivables	<u>\$ -</u>	<u>\$ 4,367,756</u>	<u>\$ 328,039</u>	<u>\$ 11,496</u>

Lease receivables

The County has entered into a 75-month lease as lessor for the use of 401 Valley Forge Road, Hillsborough, North Carolina. An initial lease receivable was recorded in the amount of \$1,750,046. As of June 30, 2023, the value of the lease receivable is \$1,219,201. The lessee is required to make monthly fixed payments of \$24,500. The lease has an interest rate of 1.1380%. The value of the deferred inflow of resources as of June 30, 2023, was \$1,190,031, and the County recognized lease revenue of \$280,007 during the fiscal year. The lessee has 2 extension options, each for 60 months.

The County has entered into a 27-month lease as lessor for the use of 133 Peachtree Street. An initial lease receivable was recorded in the amount of \$235,140. As of June 30, 2023, the value of the lease receivable is \$26,231. The lessee is required to make monthly fixed payments of \$8,750. The lease has an interest rate of 0.4350%. The value of the deferred inflow of resources as of June 30, 2023, was \$26,127, and the County recognized lease revenue of \$104,507 during the fiscal year.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Nondepreciable capital assets:					
Land	\$ 20,516,305	\$ -	\$ -	\$ -	\$ 20,516,305
Intangible rights	481,624	-	-	942,474	1,424,098
Construction in progress	23,695,562	10,712,543	-	(13,507,272)	20,900,833
Total	<u>44,693,491</u>	<u>10,712,543</u>	<u>-</u>	<u>(12,564,798)</u>	<u>42,841,236</u>
Capital assets, being depreciated and amortized:					
Buildings and improvements	151,299,208	-	(706,507)	10,825,286	161,417,987
Other improvements	3,411,653	-	-	-	3,411,653
Automotive equipment	13,064,263	1,512,080	(559,029)	-	14,017,314
Other equipment	16,140,662	266,211	-	1,739,512	18,146,385
Right-to-use lease land	270,636	-	(125,304)	-	145,332
Right-to-use lease buildings	8,744,866	580,585	(463,710)	-	8,861,741
Right-to-use lease equipment	171,478	-	(2,282)	-	169,196
Right-to-use lease vehicles	165,782	-	(35,634)	-	130,148
Subscription assets	3,865,229	1,011,464	-	-	4,876,693
Total	<u>197,133,777</u>	<u>3,370,340</u>	<u>(1,892,466)</u>	<u>12,564,798</u>	<u>211,176,449</u>
Less accumulated depreciation and amortization for:					
Buildings and improvements	56,821,356	3,161,790	(337,110)	-	59,646,036
Other improvements	2,132,284	170,580	-	-	2,302,864
Automotive equipment	11,062,272	744,649	(559,030)	-	11,247,891
Other equipment	12,964,274	644,656	-	-	13,608,930
Right-to-use lease land	143,806	49,828	(93,978)	-	99,656
Right-to-use lease buildings	2,571,531	2,389,412	(278,226)	-	4,682,717
Right-to-use lease equipment	46,375	48,759	(1,141)	-	93,993
Right-to-use lease vehicles	70,247	47,582	(22,665)	-	95,164
Subscription assets	-	1,566,760	-	-	1,566,760
Total	<u>85,812,145</u>	<u>8,824,016</u>	<u>(1,292,150)</u>	<u>-</u>	<u>93,344,011</u>
Total capital assets, being depreciated and amortized, net	<u>111,321,632</u>	<u>(5,453,676)</u>	<u>(600,316)</u>	<u>12,564,798</u>	<u>117,832,438</u>
Governmental activities capital assets, net	<u>\$ 156,015,123</u>	<u>\$ 5,258,867</u>	<u>\$ (600,316)</u>	<u>\$ -</u>	<u>\$ 160,673,674</u>

The County implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, as of July 1, 2022. As a result of the implementation of the new standard, the beginning balance of subscription assets was updated to reflect agreements in place as of the implementation date.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense by function:		
Community services	\$	302,385
General government		3,089,310
Public safety		939,144
Human services		1,007,388
Support services		3,485,789
Total depreciation and amortization - governmental activities	\$	8,824,016

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NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
<i>Solid Waste Landfill:</i>					
Nondepreciable capital assets:					
Land	\$ 824,594	\$ -	\$ -	\$ -	\$ 824,594
Construction in progress	1,127,135	301,081	-	-	1,428,216
Total	<u>1,951,729</u>	<u>301,081</u>	<u>-</u>	<u>-</u>	<u>2,252,810</u>
Capital assets, being depreciated:					
Land improvements	7,422,587	-	-	-	7,422,587
Buildings	5,084,038	-	-	-	5,084,038
Equipment	13,430,643	652,774	(108,966)	-	13,974,451
Total	<u>25,937,268</u>	<u>652,774</u>	<u>(108,966)</u>	<u>-</u>	<u>26,481,076</u>
Less accumulated depreciation for:					
Land improvements	3,612,906	133,548	-	-	3,746,454
Buildings	2,235,186	163,499	-	-	2,398,685
Equipment	10,549,298	717,035	(108,966)	-	11,157,367
Total	<u>16,397,390</u>	<u>1,014,082</u>	<u>(108,966)</u>	<u>-</u>	<u>17,302,506</u>
Total capital assets, being depreciated, net	<u>9,539,878</u>	<u>(361,308)</u>	<u>-</u>	<u>-</u>	<u>9,178,570</u>
Solid waste landfill fund capital assets, net	<u>\$ 11,491,607</u>	<u>\$ (60,227)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,431,380</u>
	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<i>SportsPlex:</i>					
Nondepreciable capital assets:					
Land	\$ 794,466	\$ -	\$ -	\$ -	\$ 794,466
Total	<u>794,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>794,466</u>
Capital assets, being depreciated:					
Buildings	12,743,945	-	-	-	12,743,945
Equipment	659,234	-	-	-	659,234
Total	<u>13,403,179</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,403,179</u>
Less accumulated depreciation for:					
Buildings	4,896,785	484,720	-	-	5,381,505
Equipment	620,729	18,646	-	-	639,375
Total	<u>5,517,514</u>	<u>503,366</u>	<u>-</u>	<u>-</u>	<u>6,020,880</u>
Total capital assets, being depreciated, net	<u>7,885,665</u>	<u>(503,366)</u>	<u>-</u>	<u>-</u>	<u>7,382,299</u>
SportsPlex fund capital assets, net	<u>\$ 8,680,131</u>	<u>\$ (503,366)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,176,765</u>

Construction commitments – The County has active construction projects in progress at June 30, 2023. The County has contractual commitments on these projects of approximately \$17 million.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT

The County – Long-term liability activity for the year ended June 30, 2023, is as follows:

	Beginning Balance	Additions	Repayments and Adjustments	Ending Balance	Due within One Year
Governmental activities:					
General obligation bonds - direct placement	\$ 128,250,000	\$ -	\$ (11,435,000)	\$ 116,815,000	\$ 9,470,000
Bond premiums	10,038,512	-	(870,879)	9,167,633	-
Total general obligation bonds	<u>138,288,512</u>	<u>-</u>	<u>(12,305,879)</u>	<u>125,982,633</u>	<u>9,470,000</u>
Installment notes - direct borrowing and direct placement	182,965,071	14,298,000	(16,210,567)	181,052,504	18,406,468
Note premiums	14,722,417	-	(1,585,498)	13,136,919	-
Total installment notes	<u>197,687,488</u>	<u>14,298,000</u>	<u>(17,796,065)</u>	<u>194,189,423</u>	<u>18,406,468</u>
Leases payable	6,564,346	580,585	(2,745,970)	4,398,961	1,810,570
Subscriptions payable	2,747,307	986,524	(1,477,889)	2,255,942	1,191,222
Net pension liability (LGERS)	10,536,460	26,269,023	-	36,805,483	-
Total pension liability (LEOSSA)	6,941,163	503,175	(1,301,241)	6,143,097	237,641
Compensated absences	4,125,727	4,595,863	(3,874,832)	4,846,758	2,908,055
Claims payable	622,887	-	(304,869)	318,018	318,018
Net OPEB liability	132,374,775	8,760,400	(20,593,988)	120,541,187	-
Governmental activity Long-term liabilities	<u>\$ 499,888,665</u>	<u>\$ 55,993,570</u>	<u>\$ (60,400,733)</u>	<u>\$ 495,481,502</u>	<u>\$ 34,341,974</u>
	Beginning Balance restated	Additions	Repayments and Adjustments	Ending Balance	Due within One Year
Business-type activities:					
<i>Solid Waste Landfill</i>					
Installment notes - direct borrowing and direct placement	\$ 6,890,071	\$ -	\$ (919,792)	\$ 5,970,279	\$ 931,733
Note premiums	572,693	-	(70,851)	501,842	-
Total installment notes	<u>7,462,764</u>	<u>-</u>	<u>(990,643)</u>	<u>6,472,121</u>	<u>931,733</u>
Net pension liability (LGERS)	781,020	1,499,003	-	2,280,023	-
Post-closure care costs	7,566,334	-	(987,224)	6,579,110	447,673
Compensated absences	230,020	218,790	(199,522)	249,288	149,573
Total Long-term liabilities	<u>\$ 16,040,138</u>	<u>\$ 1,717,793</u>	<u>\$ (2,177,389)</u>	<u>\$ 15,580,542</u>	<u>\$ 1,528,979</u>
<i>SportsPlex</i>					
Installment notes - direct borrowing and direct placement	\$ 4,320,329	\$ -	\$ (551,779)	\$ 3,768,550	\$ 336,857
Note premiums	370,044	-	(49,976)	320,068	-
Total installment notes	<u>\$ 4,690,373</u>	<u>\$ -</u>	<u>\$ (601,755)</u>	<u>\$ 4,088,618</u>	<u>\$ 336,857</u>

For all governmental funds, compensated absences and claims payable are liquidated through the General Fund. The pension and OPEB liabilities are liquidated primarily through the General Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

General Obligation Bonds

All general obligation bonds, serviced by the County's General Fund, are collateralized by the full faith, credit, and taxing power of the County. The outstanding balances at June 30, 2023, were as follows:

	<u>Balance as of June 30, 2023</u>
Governmental Activities:	
\$13,300,000 Series 2012 refunding serial bonds, due in semi-annual installments through April 2024 with interest at 4.00%.	\$ 2,560,000
\$5,900,000 Series 2017A school bonds, due in annual installments through February 2028 with interest ranging from 4.00 to 5.00%.	3,140,000
\$21,000,000 Series 2017B school bonds, due in annual installments through February 2028 with interest ranging from 2.15 to 5.00%.	18,910,000
\$64,400,000 Series 2018 school bonds, due in annual installments through August 2038 with interest ranging from 2.65 to 5.00%.	57,240,000
\$20,060,000 Series 2020 school bonds, due in annual installments through August 2040 with interest ranging from 2.00 to 5.00%.	18,050,000
\$2,500,000 Series 2021 school bonds, due in annual installments through August 2041 with interest ranging from 2.00 to 5.00%.	2,375,000
\$14,540,000 Series 2022 school bonds, due in annual installments through February 2043 with interest ranging from 4.00 to 5.00%.	<u>14,540,000</u>
Total outstanding general obligation bonds	<u><u>\$ 116,815,000</u></u>

Of the amount serviced by the County's General Fund shown above, \$114,632,992 is considered to be debt related to the schools.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

General Obligation Bonds (Continued)

The annual debt service requirements to maturity on the general obligation bonds are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 9,470,000	\$ 4,374,575	\$ 13,844,575
2025	6,910,000	3,933,975	10,843,975
2026	6,910,000	3,588,475	10,498,475
2027	6,910,000	3,244,850	10,154,850
2028	6,910,000	2,901,225	9,811,225
2029-2033	34,530,000	10,408,095	44,938,095
2034-2038	34,475,000	4,586,431	39,061,431
2039-2043	10,700,000	611,844	11,311,844
Total	<u>\$ 116,815,000</u>	<u>\$ 33,649,470</u>	<u>\$ 150,464,470</u>

As of June 30, 2023, the County has no authorized but unissued bonds. The County is subject to the Local Government Bond Act of North Carolina which limits the amount debt local governments can issue to 8% of the appraised value of property subject to taxation. The County's debt margin, at June 30, 2023, was \$1,503,015,412.

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NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Installment Notes Payable

All financing agreements are secured by the underlying assets along with the full faith and taxing authority of the County. The outstanding balances at June 30, 2023, were as follows:

	Balance as of June 30, 2023
Governmental Activities:	
Direct borrowing - \$9,889,439 Certificates of Participation due in annual installments through January 2026 with interest ranging from 4.00 to 5.00%.	\$ 1,977,888
Direct placement - \$4,136,434 of qualified school construction bonds due in annual installments through March 2025 at 0% interest.	551,525
Direct placement - \$17,029,037 Series 2015 NM limited obligation bonds due in annual installments through April 2030 with interest ranging from 3.25 to 5.00%.	9,230,000
Direct placement - \$25,556,391 Series 2017 limited obligation bonds due in annual installments through October 2032 with interest ranging from 0.00 to 5.00%.	21,295,193
Direct placement - \$10,079,071 Series 2017 from Sterling Bank due in annual installments through June 2037 with interest at 2.83%.	5,997,000
Direct placement - \$7,242,241 Series 2018 limited obligation bonds due in annual installments through October 2038 with interest ranging from 3.25 to 5.00%.	4,070,000
Direct placement - \$12,796,234 Series 2019A limited obligation bonds due in annual installments through October 2039 with interest ranging from 4.00 to 5.00%.	10,125,000
Direct placement - \$28,869,388 Series 2019B limited obligation bonds due in annual installments through October 2039 with interest ranging from 1.75 to 5.00%.	18,880,702
Direct placement - \$39,663,000 Series 2020 limited obligation bonds due in annual installments through October 2040 with interest at 2.70%.	34,976,000
Direct placement - \$18,490,000 Series 2021A limited obligation bonds due in annual installments through November 2041 with interest ranging from 2.00 to 5.00%.	16,510,000
Direct placement - \$4,035,555 Series 2021B taxable limited obligation refunding bonds due in annual installments through November 2041 with interest ranging from 2.00 to 5.00%.	3,773,197
Direct placement - \$6,885,000 Series 2022A limited obligation bonds due in annual installments through February 2031 with interest at 2.13%.	6,885,000
Direct placement - \$32,483,000 Series 2022B limited obligation bonds due in annual installments through February 2043 with interest at 2.41%.	32,483,000
Direct placement - \$5,080,000 Series 2023A limited obligation bonds due in annual installments through February 2043 with interest at 3.73%.	5,080,000
Direct placement - \$9,218,000 Series 2023B limited obligation bonds due in annual installments through February 2043 with interest at 3.83%.	9,218,000
	9,218,000
Total outstanding installment notes payable	\$ 181,052,505

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Installment Notes Payable (Continued)

Of the amount serviced by the County’s General Fund shown above, \$53,409,244 is considered to be debt related to the schools.

The annual debt service requirements to maturity on the installment notes from direct borrowings and placements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2024	\$ 18,406,468	\$ 5,913,568	\$ 24,320,036
2025	18,444,652	5,468,498	23,913,150
2026	16,286,081	4,797,574	21,083,655
2027	16,993,423	4,074,786	21,068,209
2028	12,219,422	3,486,726	15,706,148
2029-2033	47,225,459	11,721,830	58,947,289
2034-2038	31,469,000	5,285,833	36,754,833
2039-2043	20,008,000	1,204,544	21,212,544
Total	<u>\$ 181,052,505</u>	<u>\$ 41,953,359</u>	<u>\$ 223,005,864</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Installment Notes Payable (Continued)

	<u>Balance as of June 30, 2023</u>
Business-type Activities:	
<i>Solid Waste Landfill:</i>	
Direct placement - \$1,022,396 Series 2015 NM limited obligation bonds due in annual installments through April 2030 with interest ranging from 0.00 to 5.00%.	\$ 455,000
Direct placement - \$1,228,736 Series 2017 limited obligation bonds due in annual installments through October 2032 with interest ranging from 0.00 to 5.00%.	1,046,257
Direct borrowing - \$350,091 Series 2017 from Sterling Bank due in annual installments through June 2037 with interest at 2.83%.	88,000
Direct placement - \$267,759 Series 2018 limited obligation bonds due in annual installments through October 2038 with interest ranging from 3.25 to 5.00%.	75,000
Direct placement - \$1,338,766 Series 2019A limited obligation bonds due in annual installments through October 2039 with interest ranging from 4.00 to 5.00%.	965,000
Direct placement - \$306,444 Series 2019B limited obligation bonds due in annual installments through October 2039 with interest ranging from 1.75 to 5.00%.	79,297
Direct placement - \$998,000 Series 2020 limited obligation bonds due in annual installments through October 2040 with interest ranging at 2.70%.	777,000
Direct placement - \$270,000 Series 2021A limited obligation bonds due in annual installments through November 2041 with interest ranging from 2.00 to 5.00%.	240,000
Direct placement - \$194,445 Series 2021B taxable limited obligation bonds due in annual installments through November 2041 with interest ranging from 2.00 to 5.00%.	181,803
Direct placement - \$519,000 Series 2022A limited obligation bonds due in annual installments through February 2031 with interest at 2.13%	519,000
Direct placement - \$1,543,000 Series 2022B limited obligation bonds due in annual installments through February 2043 with interest at 2.41%	<u>1,543,000</u>
Total outstanding installment notes payable	<u><u>\$ 5,969,357</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Installment Notes Payable (Continued)

	<u>Balance as of June 30, 2023</u>
Business-type Activities:	
<i>SportsPlex:</i>	
Direct placement - \$2,058,567 Series 2015 NM limited obligation bonds due in annual installments through April 2030 with interest ranging from 3.25 to 5.00%.	\$ 425,000
Direct placement - \$334,873 Series 2017 limited obligation bonds due in annual installments through October 2032 with interest ranging from 0.00 to 5.00%.	263,550
Direct borrowing - \$3,041,839 Series 2017 from Sterling Bank due in annual installments through June 2037 with interest at 2.83%.	1,953,000
Direct placement - \$569,169 Series 2019B limited obligation bonds due in annual installments through October 2039 with interest ranging from 1.75 to 5.00%.	410,000
Direct placement - \$70,000 Series 2020 limited obligation bonds due in annual installments through October 2040 with interest ranging at 2.70%.	52,000
Direct placement - \$595,000 Series 2021A limited obligation bonds due in annual installments through November 2041 with interest ranging from 2.00 to 5.00%.	560,000
Direct placement - \$405,000 Series 2022B limited obligation bonds due in annual installments through February 2043 with interest at 2.41%.	<u>105,000</u>
Total outstanding installment notes payable	<u><u>\$ 3,768,550</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Installment Notes Payable (Continued)

The annual debt service requirements to maturity on the installment notes from direct borrowings and placements are as follows:

	Business-type Activities			
	Solid Waste Landfill		SportsPlex	
	Principal	Interest	Principal	Interest
Year Ending June 30,				
2024	\$ 931,733	\$ 197,140	\$ 336,857	\$ 128,400
2025	784,436	165,587	346,970	115,453
2026	706,020	137,269	322,196	102,023
2027	845,049	105,503	382,527	87,839
2028	478,577	79,545	272,000	74,923
2029-2033	1,338,542	221,069	1,122,000	246,097
2034-2038	631,000	81,941	821,000	82,194
2039-2043	254,000	15,832	165,000	7,157
Total	<u>\$ 5,969,357</u>	<u>\$ 1,003,886</u>	<u>\$ 3,768,550</u>	<u>\$ 844,086</u>

Leases Payable

On July 1, 2021, the County entered into multiple land and building leases with lease terms ranging from 16 months to 105 months. The initial lease liability recorded for the land and building leases was \$9,015,502. As of June 30, 2023, the value of the lease liability is \$4,288,331. The County is required to make monthly fixed payments ranging from \$2,767 to \$71,705. The leases have interest rates ranging from 0.3080% to 1.4480%. The value of the right to use assets for the land and building leases as of June 30, 2023, was \$9,007,073 with accumulated amortization of \$4,782,373.

On July 1, 2021; December 1, 2021; January 3, 2022; and February 1, 2022, the County entered into multiple copier leases with lease terms ranging from 24 months to 48 months. The initial lease liability recorded for the copier leases was \$142,063. As of June 30, 2023, the value of the lease liability is \$75,042. The County is required to make monthly fixed payments ranging from \$50 to \$353. The leases have interest rates ranging from 0.4350% to 1.4690%. The value of the right to use assets for the copier leases as of June 30, 2023, was \$169,196 with accumulated amortization of \$93,992.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Leases Payable (Continued)

On July 1, 2021, the County entered into multiple vehicle leases with lease terms ranging from 18 months to 49 months. The initial lease liability recorded for the vehicle leases was \$165,782. As of June 30, 2023, the value of the lease liability is \$35,589. The County is required to make monthly fixed payments ranging from \$228 to \$452. The leases have interest rates ranging from 0.4350% to 0.8140%. The value of the right to use assets for the vehicle leases as of June 30, 2023, was \$130,148 with accumulated amortization of \$95,165.

Debt service to maturity on the County's outstanding leases are as follows:

Fiscal Year	Principal	Interest	Payments
2024	\$ 1,810,570	\$ 45,261	\$ 1,855,831
2025	944,041	27,615	971,656
2026	698,311	17,072	715,383
2027	518,365	8,927	527,292
2028	149,633	5,209	154,842
2029	278,042	3,731	281,773
	\$ 4,398,962	\$ 107,815	\$ 4,506,777

Subscriptions Payable

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

The County has multiple contracts that qualify for reporting under GASB Statement No. 96. These agreements have terms ranging from 12 months to 72 months. The initial subscription liability was recorded in the amount of \$2,747,307. As of June 30, 2023, the value of the subscription liability is \$2,255,942. The County is required to make annual fixed payments ranging from \$2,817 to \$182,119. The subscriptions have an interest rate ranging from 1.58% to 3.12%. The value of the right to use asset as of June 30, 2023, is \$4,876,693 with accumulated amortization of \$1,566,760.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Subscriptions Payable (Continued)

Debt service to maturity on the County's outstanding subscriptions are as follows:

Fiscal Year	Principal	Interest	Payments
2024	\$ 1,191,222	\$ 69,088	\$ 1,260,310
2025	769,047	45,063	814,110
2026	250,305	25,098	275,403
2027	31,062	1,030	32,092
2028	14,306	332	14,638
	\$ 2,255,942	\$ 140,611	\$ 2,396,553

Landfill Closure and Post-Closure Care Costs

State and Federal laws and regulations require the County to place a final cover on its landfills when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites after closure. The County reported a liability of \$6,579,110 for closure and post-closure care in the Solid Waste Landfill Fund. The County's municipal solid waste landfill is no longer accepting waste and has been closed with all estimated post-closure costs estimated and accrued. Phase 1 and 2 of the County's construction and demolition landfill continues to accept waste while Phase 3 (lateral expansion) and Phase 4 and 5 (vertical expansion) were opened this year and included in the liability estimate.

As of June 30, 2023, the construction and demolition landfill has used approximately 45% of the permitted 789,250 cubic yards of capacity. The remaining costs, not yet accrued for the construction and demolition landfill of \$2,508,449 will be recognized over the future life of the landfills as capacity is used. Actual costs may be higher upon completion of the cost estimates, or due to inflation, change in technology, or changes in regulations.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. INTERFUND BALANCES AND TRANSFERS

Interfund Receivables and Payables

The County uses a central depository to pool its cash and investments. The General Fund is the primary lending fund when timing differences create cash deficits in other funds. These deficits are temporary and are reported as “Due to other funds”. The offsetting receivable balance is recorded in the General Fund as “Due from other funds”. Interfund balances between governmental funds and the internal service fund is eliminated at the government-wide level. The outstanding balances of \$970,540 and \$545, at June 30, 2023, was between the General Fund and the FEMA Recovery fund and the Spay/Neuter Fund, respectively, and was eliminated at the government-wide level.

Transfers

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The following is a summary of the transfers made during the year:

	Transfers from Other Funds						Transfers to Other Funds
	General Fund	County Capital Improvements Fund	School Capital Improvements Fund	Non-Major Governmental Funds	Debt Service Fund	Internal Service Fund	
General fund	\$ -	\$ 1,541,773	\$ 2,602,354	\$ 6,962,015	\$ 44,077,170	\$ 2,792,225	\$ 57,975,537
County Capital Improvements fund	-	-	-	-	-	-	-
Non-major governmental funds	77,255	827,450	3,500,000	197,745	-	-	4,602,450
Total transfers	\$ 77,255	\$ 2,369,223	\$ 6,102,354	\$ 7,159,760	\$ 44,077,170	\$ 2,792,225	\$ 62,577,987

Transfers made from the General Fund to the County Capital Improvement Fund and the School Capital Improvement Fund are made to move resources to the funds accounting for project expenditures.

Transfers made from the General Fund to the nonmajor governmental funds are made to provide the County’s local matching contributions for various grant-funded projects.

Transfers made from the General Fund to the Debt Service Fund reflect the transfer of resources to be used in retiring the County’s outstanding debt obligations in accordance with the purpose of the creation of the Debt Service Fund.

Transfers made from the General Fund to the Internal Service Fund reflect the transfer of resources to be used for retirees’ healthcare claims.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. NET POSITION/FUND BALANCE

Net Investment in Capital Assets

As discussed in Note 1M, the County issues debt for the acquisition and construction of assets for the schools. The calculation of “Net Investment in Capital Assets” must exclude school related debt because the County does not own the assets. The following summarizes the County’s calculation:

	Governmental Activities	Business-type Activities
Capital assets, net	\$ 160,673,674	\$ 19,608,144
Less:		
County related debt - bonds	(2,182,008)	-
County related debt - installment notes	(127,643,261)	(9,737,907)
Unamortized premium on County related debt	(11,641,091)	(821,968)
County related debt - leases and subscriptions	(6,654,904)	-
Add:		
Deferred loss on refunding bonds	2,531,533	-
Unexpended proceeds on County related debt	53,744,087	969,837
Net investment in capital assets	\$ 68,828,030	\$ 10,018,106

Encumbrances

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. At June 30, 2023, there were \$1,171,551 in encumbrances in the General Fund.

Fund Balance Available for Appropriation

Certain portions of fund balance are not available for spending. The following schedule provides the County and its citizens with information on the portion of fund balance, in the General Fund, that is available for appropriation:

Total fund balance – General Fund	\$ 80,408,265
Less:	
Nonspendable fund balance	(46,621)
Stabilization by state statute	(21,845,304)
Fund balance available for appropriation	\$ 58,516,340

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS

A. Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the state of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the state of North Carolina. The State's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic postretirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age or have completed 15 years of service as a LEO and have reached age 50 or have completed five years of creditable service as a LEO and have reached age 55 or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

Contributions. Contribution provisions are established by NCGS 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for 2023 was 13.24% of compensation for law enforcement officers and 12.14% for general employees and firefighters. The total actuarially determined employer and employee contributions are expected to finance the costs of benefits earned by employees during the year. Contributions from the County were \$7,514,762 for the year ended June 30, 2023.

Refunds of Contributions – County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the County reported a liability of \$39,085,506 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022, utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. The County's proportion was 0.69283%, at June 30, 2022, which was a decrease of 0.04514% from its proportion measured as of June 30, 2021.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2023, the County recognized pension expense of \$10,819,838. The County reported deferred outflows of resources and deferred inflows of resources related to pensions, at June 30, 2023, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,684,159	\$ 165,122
Net difference between projected and actual earnings on pension plan investments	12,918,169	-
Changes in proportion and differences between County contributions and proportionate share of contributions	42,700	691,446
Changes in plan assumptions	3,899,857	-
County contributions subsequent to the measurement date	7,514,762	-
Total	\$ 26,059,647	\$ 856,568

County contributions made subsequent to the measurement date of \$7,514,762 are reported as deferred outflows of resources and will be recognized as a decrease of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:		
2024	\$	5,528,962
2025		4,760,011
2026		1,244,886
2027		6,154,458
Total	\$	17,688,317

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 – 8.25% percent
Investment rate of return	6.50 percent, net of pension plan investment expense including inflation

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

Actuarial Assumptions (Continued). The plan currently uses mortality rates based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* that vary by age, gender, employee group (i.e., general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

Actuarial Assumptions (Continued). The information above is based on 30-year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.50%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
County's proportionate share of the net pension liability (asset)	\$ 70,544,304	\$ 39,085,506	\$ 13,161,629

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued ACFR for the state of North Carolina.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers Special Separation Allowance

Plan Description. The County administers a public employee retirement system (the "Separation Allowance"), a single employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is administered by the State of North Carolina. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report is not issued for the plan.

All full-time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2021, the date of the most recent actuarial valuation the Separation Allowance's membership consisted of:

Retirees receiving benefits	15
Active plan members	<u>98</u>
Total	<u><u>113</u></u>

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Separation Allowance has no assets accumulated in a trust that meets the criteria, which are outlined in GASB Statement 73 paragraph 4.

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2021 valuation. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 - 7.75 percent
Discount rate	4.31 percent

The discount rate used to measure the total pension liability is the Standard & Poor's 20-year Municipal Bond High Grade Rate Index. Since the prior measurement date, the discount rate has changed from 2.25% to 4.31% due to a change in the Municipal Bond Rate.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers Special Separation Allowance (Continued)

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the LGERS for the five-year period ending December 31, 2019.

Mortality Assumptions. All mortality rates use Pub-2010 amount-weighted tables.

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$278,600 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The County reported a total pension liability at June 30, 2023, of \$6,143,097. The total pension liability was measured as of December 31, 2022, based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022, utilizing update procedures incorporating the actuarial assumptions. The County recognized pension expense of \$586,330 for the year ended June 30, 2023. The County reported deferred outflows of resources and deferred inflows of resources related to pensions, at June 30, 2023, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 798,326	\$ 958,297
Difference between expected and actual experience	504,916	-
County benefit payments made subsequent to the measurement date.	133,054	-
Total	\$ 1,436,296	\$ 958,297

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers Special Separation Allowance (Continued)

An amount of \$133,054 reported as deferred outflows of resources related to pensions, resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:		
2024	\$	258,013
2025		211,789
2026		97,708
2027		(162,622)
2028		(59,943)
Total	\$	344,945

Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate. The following presents the County's total pension liability calculated using the discount rate of 4.31 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.31 percent) or 1-percentage-point higher (5.31 percent) than the current rate:

	1% Decrease (3.31%)	Discount Rate (4.31%)	1% Increase (5.31%)
Total pension liability	\$ 6,615,885	\$ 6,143,097	\$ 5,711,689

Changes in the Total Pension Liability. The changes in County's the total pension liability for the year ended June 30, 2023, were as follows:

	Total Pension Liability
Balance at June 30, 2022	\$ 6,941,163
Service cost	268,960
Interest	153,042
Difference between expected and actual experience	81,173
Change of assumptions or other inputs	(1,022,641)
Contributions	(278,600)
Balance at June 30, 2023	\$ 6,143,097

The required schedule of changes in the County's total pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

C. Register of Deeds Supplemental Pension Fund

Plan Description. The County also contributes to the Registers of Deeds Supplemental Pension Fund (RODSPF), a noncontributory cost-sharing multiple-employer, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds Supplemental Pension Fund is included in the ACFR for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for the Registers of Deeds Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$12,274 for the year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The County reported an asset of \$142,119 at June 30, 2023, for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022, utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2022, the County's proportion was 1.07341%, which was an increase of 0.04019% from its proportion measured as of June 30, 2021.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

C. Register of Deeds Supplemental Pension Fund (Continued)

The County recognized pension expense of \$26,074 for the year ended June 30, 2023. The County reported deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2023, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,095	\$ 2,576
Changes of assumptions	7,525	-
Net difference between projected and actual earnings on pension plan investments	59,070	-
Changes in proportion and differences between County contributions and proportionate share of contributions	3,370	5,500
County contributions subsequent to measurement date	12,274	-
Total	\$ 83,334	\$ 8,076

County contributions made subsequent to the measurement date of \$12,274 are reported as deferred outflows of resources and will be recognized as an addition to the net pension asset during the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:		
2024	\$	18,127
2025		10,335
2026		19,665
2027		14,857
Total	\$	62,984

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 – 8.25 percent, including inflation and productivity factor
Investment rate of return	3.00 percent, net of pension plan investment expense, including inflation

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

C. Register of Deeds Supplemental Pension Fund (Continued)

The plan currently uses mortality tables that vary by age, gender, employee group (i.e., general, law enforcement officer) and health status (i.e., disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2023, is 4.90%, including inflation.

The information above is based on 30-year expectations developed with the consulting actuary for the 2022 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 3.00%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

C. Register of Deeds Supplemental Pension Fund (Continued)

Sensitivity of the County's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.00 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.00 percent) or one percentage point higher (4.00 percent) than the current rate:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension asset	\$ 163,813	\$ 142,119	\$ 241,882

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued ACFR for the state of North Carolina.

D. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (the "Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the ACFR for the state of North Carolina. The State's ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers.

That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute, each month, an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Additionally, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2023, were \$1,396,592 which consisted of \$956,706 from the County and \$439,886 from the law enforcement officers.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. County OPEB Plan

Plan Administration and Benefits. The County, as authorized by the County Commission, administers a single employer defined benefit Postemployment Healthcare Benefits Plan (the “PHCB Plan”). The PHCB Plan is administered by the County under the direction of the County’s Board of Commissioners. The County pays 100 percent of the cost for “maximum retirees” of the County, while “other retirees” are eligible to enroll in the County’s insurance plan but must pay the full cost. Maximum Retirees are defined as meeting one of the following criteria: (1) employee with thirty (30) or more years of service with at least fifteen (15) of those years with the County; (2) employee with twenty-seven (27) or more years of service and three (3) years of prior military service with at least fifteen (15) of those years with the County; or (3) members of the governing board who have a total of sixteen (16) years of service in office. To qualify as an “other retiree,” employees must meet one of the two following: (1) have twenty-five (25) to twenty-nine (29) years of service with at least ten (10) with the County or (2) have twenty (20) or more years of qualified service with at least ten (10) years with the County. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. The County’s Board of Commissioners established and may amend the benefit provisions. A separate report was not issued for the PHCB Plan.

Plan Membership. Membership of the PHCB Plan consisted of the following at June 30, 2022, the date of the latest actuarial valuation:

Active participants	878
Retirees and beneficiaries currently receiving benefits	<u>471</u>
Total	<u><u>1,349</u></u>

Contributions. The Board of Commissioners established the contribution requirements of plan members which may be amended by the Board. The Board establishes rates based on an actuarially determined rate. The County contributed \$4,019 per active employee for the year ended June 30, 2023. Plan members, once retired, contribute to the plan based on number of years of creditable service. The County’s contribution is dependent on the employee’s number of years of creditable service. Retirees pay a monthly premium of \$370 with up to ten years of creditable service and \$185 with ten to twenty years of creditable service. Retirees with more than twenty years of creditable service do not contribute to the plan. The Board of Commissioners may amend the benefit provisions.

Per a County resolution, the County is required to contribute the projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Board. Benefit payments by the County were \$3,529,472 for the year ended June 30, 2023.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

A. County OPEB Plan (Continued)

Investments

Investment Policy. The PHCB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Commissioners by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The PHCB Plan discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. Investments are valued at fair value.

The following was the Board's adopted asset allocation policy as of June 30, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equity Index Fund	75.0%	7.00%
Fixed Income Index Fund	15.0%	2.84%
Cash	10.0%	2.32%
Total	<u>100%</u>	

Rates are shown net of the 2.50% assumed rate of inflation.

Rate of Return. The annual money weighted rate of return on investments of the HCB Plan, net of investment expense, was 5.02 percent for the year ended June 30, 2023. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

A. County OPEB Plan (Continued)

Net OPEB Liability

The County's total OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022, with the actuary using standard techniques to roll forward the liability to the measurement date.

Actuarial Assumptions. The net OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate	3.65%
Inflation rate	2.50%
Real wage growth	0.75%
Wage inflation	3.25%
Salary increases, including wage inflation:	
General employees	3.25% - 8.41%
Firefighters	3.25% - 8.15%
Law enforcement officers	3.25% - 7.90%
Long-term expected rate of return on OPEB investments	7%, net of OPEB investment expense including price inflation
Municipal bond rate	3.65%
Healthcare cost trend rates:	
Pre-Medicare and prescription drug	7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032
Medicare and prescription drug	5.125% for 2022 decreasing to an ultimate rate of 4.50% by 2025

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board. The remaining actuarial assumptions were based on a review of recent plan experience performed concurrently with the June 30, 2022 valuation.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

A. County OPEB Plan (Continued)

Mortality Assumptions. Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

Long-term Rate of Return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the major target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>
Equity Index Fund	75.0%
Fixed Income Index Fund	15.0%
Cash	10.0%
Total	<u>100%</u>

Discount Rate. The discount rate used to measure the net OPEB liability was 3.65 percent. The projection of cash flows used to determine the discount rate assumed that the County would contribute in amounts consistent with its formal contribution policy. Based on those assumptions, the OPEB Trust Fund's fiduciary net position was projected to be available to make projected future benefit payments of current plan members until 2023. Therefore, the long-term expected rate of return on OPEB plan investments was applied to projected benefit payments until 2023 to determine the net OPEB liability. For projected benefit payments of current plan members after 2023, the index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA or higher – which was 3.65 percent as determined by the Bond Buyer 20-year Bond GO Index Rate as of June 30, 2023 – was used. The discount rate of 3.65 percent was the single rate which, when applied to all projected benefit payments, resulted in the same present value of benefit payments when the above discussed calculations are combined. The discount rate of 3.65 percent was an increase from the discount rate of 3.54 percent utilized to determine the net OPEB liability as of the beginning of the measurement period due to an increase in the underlying municipal bond rate index utilized.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

A. County OPEB Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Net OPEB liability	\$ 141,247,673	\$ 120,541,187	\$ 104,102,651

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB liability	\$ 102,072,143	\$ 120,541,187	\$ 144,161,457

Changes in the Net OPEB Liability of the County. The changes in the components of the County's net OPEB liability for the year ended June 30, 2023, were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2022	\$ 132,737,808	\$ 363,033	\$ 132,374,775
Changes for the year:			
Service cost	4,123,410	-	4,123,410
Interest	4,636,990	-	4,636,990
Differences between expected and actual experien	(16,634,969)	-	(16,634,969)
Assumption changes	(410,845)	-	(410,845)
Contributions	-	3,529,472	(3,529,472)
Net investment income	-	18,702	(18,702)
Benefit payments	(3,529,472)	(3,529,472)	-
Net changes	(11,814,886)	18,702	(11,833,588)
Balances at June 30, 2023	\$ 120,922,922	\$ 381,735	\$ 120,541,187

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

A. County OPEB Plan (Continued)

Changes in the Net OPEB Liability of the County (Continued). The required schedule of changes in the County's net OPEB liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the County's total OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The County recognized OPEB expense of \$7,281,287 for the year ended June 30, 2023. The County reported deferred outflows of resources and deferred inflows of resources related to OPEB, at June 30, 2023, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 12,615,583	\$ 14,742,391
Change in assumptions	11,782,158	27,512,016
Differences between earnings on plan investments	22,555	-
Total	\$ 24,420,296	\$ 42,254,407

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2024	\$ (1,249,322)
2025	(1,210,689)
2026	(3,513,401)
2027	(7,339,679)
2028	(4,521,020)
Total	\$ (17,834,111)

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The County has deferred outflows of resources and deferred inflows of resources at June 30, 2023. Each deferral may be accounted for differently under the modified accrual basis of accounting and the full accrual basis of accounting. The following is a summary of each deferral under each basis of accounting:

	Modified Accrual	Full Accrual
Deferred Outflows of Resources:		
<i>Governmental activities:</i>		
Pension - LGERS	\$ -	\$ 24,612,813
Pension - LEOSSA	-	1,436,296
Pension - RODSPF	-	83,334
OPEB	-	24,420,296
Deferred loss on refunding bonds	-	2,531,533
Total governmental activities	\$ -	\$ 53,084,272
 <i>Business-type activities:</i>		
Pension - LGERS	\$ -	\$ 1,446,834
 Deferred Inflows of Resources:		
<i>Governmental activities:</i>		
Unavailable revenue:		
Intergovernmental revenue	\$ 82,283	\$ -
Property taxes receivable	2,350,858	-
Prepaid property taxes	686,295	686,295
Leases	1,216,158	1,216,158
Pension - LGERS	-	806,601
Pension - LEOSSA	-	958,297
Pension - RODSPF	-	8,075
OPEB	-	42,254,407
Total governmental activities	\$ 4,335,594	\$ 45,929,833
 <i>Business-type activities:</i>		
Pension - LGERS	-	49,967
Deferred loss on refunding bonds	-	(200)
Total business-type activities	\$ -	\$ 49,767

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County purchases several lines of insurance coverage including general liability, auto, property, workers compensation, professional liability, cyber liability, and various other lines of coverage. The County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$225,878,000 any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$1 million per occurrence, workers' compensation coverage up to the statutory limits, and health insurance for County employees. For workers' compensation there is a per occurrence retention of \$300,000. These insurance coverages are further backed by Umbrella coverage of \$4 Million occurrence limit. Cyber Liability is set at \$5 million limit. The County provides employee health and dental benefits through a self-insured plan provided by Blue Cross-Blue Shield ("Blue Cross") and Delta Dental ("Delta"), respectively. Claims are administered and paid directly from the plan by Blue Cross and Delta. Specific stop-loss is set at \$200,000 per individual health insurance claim with an unlimited lifetime maximum.

The County carries flood insurance through the National Flood Insurance Plan (NFIP). Because the County is in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the County is eligible to purchase coverage of \$1,000,000 per structure through the NFIP. The County also is eligible to and has purchased commercial flood insurance for another \$5,000,000 of coverage per structure.

A limited risk management program is also maintained for employees' health and dental benefits administered by a third-party administrator. Premiums are paid into the Health and Dental Internal Service Fund by all other funds and are available to pay claims and administrative costs of the program.

The County's Internal Service Fund was established to account for an employee self-insurance health benefit program. The purpose of the fund is to pay medical claims of County employees and their covered dependents and minimize the total cost of annual medical insurance to the municipality. Funding is provided by employee contributions and charges to the various funds of the County based upon estimated claim and employee participation. Expected claims are determined annually by the reinsurance carrier. The County carries aggregate stop loss insurance coverage of 125% of annual expected paid claims and individual stop loss coverage of \$100,000 per covered individual and an aggregating specific deductible of \$250,000 through the plan administrator utilizing a reinsurance carrier. The County has recognized a provision for claims incurred, but not reported, in the accompanying financial statements. This provision is estimated based upon actuarial claims history utilizing a two-month lag on outstanding claims.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RISK MANAGEMENT (CONTINUED)

The County purchases worker's compensation insurance through Traveler's Insurance for claims up to \$300,000 for each occurrence. The County has reinsurance for all individually claim occurrences in excess of the \$300,000.

The County also purchases commercial insurance to protect against claims for property, general liability, auto liability, public officials, and employee bonds. Claims have not exceeded coverage in the past three years. There have been no significant reductions in insurance coverage in the past three years.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Finance Officer and Tax Collector are each individually bonded for \$250,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

The County records a liability for estimated claims incurred but not reported (IBNR) at the end of every year based on an analysis provided by third parties. The following table summarize IBNR for the two-year period ended June 30, 2023:

	2023	2022
Dental and health insurance:		
Beginning balances:	\$ 453,579	\$ 835,227
Add:		
Claims incurred and changes in IBNR	14,356,854	11,122,305
Less:		
Claims paid	13,652,762	11,503,953
Ending balances	\$ 1,157,671	\$ 453,579
	2023	2022
Workers compensation:		
Beginning balances:	\$ 622,887	\$ 471,535
Add:		
Claims incurred and changes in IBNR	-	505,479
Less:		
Claims paid	304,869	354,127
Ending balances	\$ 318,018	\$ 622,887

NOTES TO FINANCIAL STATEMENTS

NOTE 13. COMMITMENTS AND CONTINGENCIES

A. Claims and Litigation

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

B. Federal and State Assistance Programs

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the County believes such disallowances, if any, will not be significant.

NOTE 14. JOINTLY GOVERNED ORGANIZATIONS

Orange Water and Sewer Authority. The Orange Water and Sewer Authority is a public authority created under North Carolina law, which was established for the purpose of providing water and sewer service in a defined area within the County. The Authority has a nine-member governing body with two members appointed by the Orange County Board of Commissioners, two members appointed by the Board of Aldermen of the Town of Carrboro, and five members appointed by the Mayor and Town Council of the Town of Chapel Hill. The County is not responsible for any debt of the Authority or any of its deficits. The County is not entitled to surpluses of the Authority, has no responsibility for the designation of its management, does not have any significant influence over its operations, and the Authority is not accountable to the County for fiscal matters.

Triangle Transit Authority. Orange County, in conjunction with other area local governments, is a member of the Research Triangle Regional Public Transportation Authority. Orange County appoints one member to the governing board. The Authority possesses final decision-making ability and is solely responsible for the management, budget, and fiscal operations of the Authority.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. RESTATEMENT OF BEGINNING BALANCES

Effective July 1, 2022, the County was required to implement the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This new statement changed how the County accounts for contracts involving information technology (IT) arrangements and requires the County to recognize a right-to-use asset for its subscriptions and a corresponding subscription liability.

As a result of the implementation, beginning net position for governmental activities has been restated to reflect beginning subscription asset and subscription liability balances as follows:

<u>Net Position</u>	<u>Governmental Activities</u>
Beginning balances - as previously reported	\$ (162,047,683)
Adjustments:	
Beginning balance of subscription assets	3,865,229
Beginning balance of subscription liabilities	<u>(2,747,307)</u>
Beginning balances - as restated	<u><u>\$ (160,929,761)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

ORANGE COUNTY, NORTH CAROLINA

**SCHEDULE OF CHANGES IN THE COUNTY'S NET OPEB LIABILITY
AND RELATED RATIOS
OPEB RETIREMENT PLAN
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
TOTAL OPEB LIABILITY				
Service cost	\$ 4,123,410	\$ 5,925,502	\$ 5,517,347	\$ 3,759,792
Interest on total OPEB liability	4,636,990	3,464,372	3,009,011	3,703,143
Difference between expected and actual experience	(16,634,969)	(709,451)	23,633,990	(804,583)
Changes of assumptions and other inputs	(410,845)	(34,822,029)	(5,075,957)	26,272,770
Benefit payments	<u>(3,529,472)</u>	<u>(3,000,312)</u>	<u>(2,703,205)</u>	<u>(2,452,218)</u>
Net change in total OPEB liability	<u>(11,814,886)</u>	<u>(29,141,918)</u>	24,381,186	30,478,904
Beginning balance	<u>132,737,808</u>	<u>161,879,726</u>	<u>137,498,540</u>	<u>107,019,636</u>
Ending balance (a)	<u><u>120,922,922</u></u>	<u><u>132,737,808</u></u>	<u><u>161,879,726</u></u>	<u><u>137,498,540</u></u>
PLAN FIDUCIARY NET POSITION				
Contributions - employer	3,529,472	3,000,312	2,703,205	2,452,218
Net investment income (loss)	18,702	(66,733)	121,570	7,255
Benefit payments	<u>(3,529,472)</u>	<u>(3,000,312)</u>	<u>(2,703,205)</u>	<u>(2,452,218)</u>
Net change in plan fiduciary net position	<u>18,702</u>	<u>(66,733)</u>	121,570	7,255
Beginning balance	<u>363,033</u>	<u>429,766</u>	<u>308,196</u>	<u>300,941</u>
Ending balance (b)	<u><u>381,735</u></u>	<u><u>363,033</u></u>	<u><u>429,766</u></u>	<u><u>308,196</u></u>
Net OPEB liability (a) - (b)	<u><u>\$ 120,541,187</u></u>	<u><u>\$ 132,374,775</u></u>	<u><u>\$ 161,449,960</u></u>	<u><u>\$ 137,190,344</u></u>
RELATED RATIOS				
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.3167%</u>	<u>0.2742%</u>	<u>0.2662%</u>	<u>0.2246%</u>
Covered payroll	<u>\$ 52,143,186</u>	<u>\$ 55,572,023</u>	<u>\$ 55,572,023</u>	<u>\$ 47,235,903</u>
Net OPEB liability as a percentage of covered payroll	<u>231.17%</u>	<u>238.20%</u>	<u>290.52%</u>	<u>290.44%</u>

Notes to the Schedule:

N/A - Information prior to the implementation of GASB Statement No. 75 does not exist. This schedule is building to be a ten year schedule as information becomes available.

2019	2018	2017	2016	2015	2014
\$ 3,546,801	\$ 3,733,643	\$ 4,183,701	N/A	N/A	N/A
3,694,759	3,398,954	3,039,332	N/A	N/A	N/A
(793,706)	574,520	-	N/A	N/A	N/A
6,841,423	(5,125,557)	(9,448,990)	N/A	N/A	N/A
(2,477,527)	(3,137,462)	(3,300,768)	N/A	N/A	N/A
10,811,750	(555,902)	(5,526,725)	N/A	N/A	N/A
96,207,886	96,763,788	102,290,513	N/A	N/A	N/A
107,019,636	96,207,886	96,763,788	N/A	N/A	N/A
2,477,527	3,137,462	3,550,768	N/A	N/A	N/A
17,163	23,856	9,922	N/A	N/A	N/A
(2,477,527)	(3,137,462)	(3,300,768)	N/A	N/A	N/A
17,163	23,856	259,922	N/A	N/A	N/A
283,778	259,922	-	N/A	N/A	N/A
300,941	283,778	259,922	N/A	N/A	N/A
\$106,718,695	\$ 95,924,108	\$ 96,503,866	N/A	N/A	N/A
0.2820%	0.2958%	0.2693%	N/A	N/A	N/A
\$ 47,235,903	\$ 45,902,461	\$ 42,769,990	N/A	N/A	N/A
225.93%	208.97%	225.63%	N/A	N/A	N/A

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF COUNTY CONTRIBUTIONS OPEB RETIREMENT PLAN LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Actuarially determined contribution	\$ 7,662,119	\$ 7,722,844	\$ 7,895,271	\$ 7,895,271
Contributions in relation to the actuarially determined contribution	3,529,472	3,000,312	2,452,218	2,452,218
Contribution deficiency (excess)	4,132,647	4,722,532	5,443,053	5,443,053
Covered payroll	\$ 52,143,186	\$ 55,572,023	\$ 55,572,023	\$ 47,235,903
Contributions as a percentage of covered payroll	6.77%	5.40%	4.41%	5.19%

Notes to the Schedule:

N/A - Information prior to the implementation of GASB Statement No. 75 does not exist. This schedule is building to be a ten year schedule as information becomes available.

Current year actuarial assumptions:

Valuation date	June 30, one year prior to the end of the fiscal year in which contributions are reported.
Cost method	Entry Age.
Asset valuation method	Market Value.
Inflation	2.5%
Long-term rate of return on investments	7.00%, net of investment expenses, including inflation
Wage inflation	3.25%
Projected salary increases, including wage inflation:	
General employees	3.25% - 8.41%
Firefighters	3.25% - 8.15%
Law enforcement officers	3.25% - 7.90%
Cost-of-living Adjustment	None
Amortization Method	Level Percentage of Payroll, Assuming 3.50% Payroll Growth
Remaining Amortization Period	26 years, closed
Health Care Cost Trends:	
Pre-Medicare and prescription drug	7.00% for 2022, decreasing to an ultimate rate of 4.50% by 2032.
Medicare and prescription drug	5.125% for 2022, decreasing to an ultimate rate of 4.50% by 2025.
Mortality	Rates based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

2019	2018	2017	2016	2015	2014
\$ 7,192,181	\$ 7,192,181	\$ 6,820,935	\$ 5,374,915	N/A	N/A
2,477,527	3,137,462	3,550,768	2,361,272	N/A	N/A
4,714,654	4,054,719	3,270,167	3,013,643	N/A	N/A
<u>\$ 47,235,903</u>	<u>\$ 45,902,461</u>	<u>\$ 45,902,461</u>	<u>\$ 42,769,990</u>	<u>N/A</u>	<u>N/A</u>
<u>5.25%</u>	<u>6.84%</u>	<u>7.74%</u>	<u>5.52%</u>	<u>N/A</u>	<u>N/A</u>

ORANGE COUNTY, NORTH CAROLINA

**SCHEDULE OF OPEB INVESTMENT RETURNS
OPEB RETIREMENT PLAN
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Annual money-weighted rate of return, net of investment expenses	<u>5.02%</u>	<u>-16.84%</u>	<u>32.95%</u>	<u>2.41%</u>

Notes to the Schedule:

N/A - Information prior to the implementation of GASB Statement No. 75 does not exist. This schedule is building to be a ten year schedule as information becomes available.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>6.05%</u>	<u>0.70%</u>	<u>4.00%</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

ORANGE COUNTY, NORTH CAROLINA

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST TEN FISCAL YEARS**

TOTAL PENSION LIABILITY	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 6,941,163	\$ 6,671,108	\$ 4,708,711	\$ 4,177,156
Service Cost	268,960	286,606	169,991	149,644
Interest on the total pension liability	153,042	126,285	149,580	148,114
Difference between expected and actual experience	81,173	285,421	301,174	314,668
Changes of assumptions or other inputs	(1,022,641)	(172,578)	1,582,362	135,303
Benefit payments	(278,600)	(255,679)	(240,710)	(216,174)
Ending balance	<u>\$ 6,143,097</u>	<u>\$ 6,941,163</u>	<u>\$ 6,671,108</u>	<u>\$ 4,708,711</u>

Notes to the Schedule:

N/A - Information prior to the implementation of GASB Statement No. 73 does not exist. This schedule is building to be a ten year schedule as information becomes available.

2019	2018	2017	2016	2015	2014
\$ 4,016,727	\$ 3,542,524	\$ 3,494,747	N/A	N/A	N/A
158,300	134,129	135,380	N/A	N/A	N/A
123,815	133,794	122,514	N/A	N/A	N/A
237,158	130,316	-	N/A	N/A	N/A
(161,804)	228,699	(84,160)	N/A	N/A	N/A
(197,040)	(152,735)	(125,957)	N/A	N/A	N/A
<u>\$ 4,177,156</u>	<u>\$ 4,016,727</u>	<u>\$ 3,542,524</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

ORANGE COUNTY, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability	<u>\$ 6,143,097</u>	<u>\$ 6,941,163</u>	<u>\$ 6,671,108</u>	<u>\$ 4,708,711</u>
Covered-employee payroll	<u>\$ 6,103,450</u>	<u>\$ 6,397,063</u>	<u>\$ 5,908,664</u>	<u>\$ 5,400,524</u>
Total pension liability as a percentage of covered-employee payroll	<u>100.65%</u>	<u>108.51%</u>	<u>112.90%</u>	<u>87.19%</u>

Notes to the Schedule:

N/A - Information prior to the implementation of GASB Statement No. 73 does not exist. This schedule is building to be a ten year schedule as information becomes available.

The County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73 to pay related benefits.

2019	2018	2017	2016	2015	2014
<u>\$ 4,177,156</u>	<u>\$ 4,016,727</u>	<u>\$ 3,542,524</u>	<u>\$ 3,494,747</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 5,161,378</u>	<u>\$ 5,086,750</u>	<u>\$ 4,842,049</u>	<u>\$ 4,190,815</u>	<u>N/A</u>	<u>N/A</u>
<u>80.93%</u>	<u>78.96%</u>	<u>73.16%</u>	<u>83.39%</u>	<u>N/A</u>	<u>N/A</u>

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
County's percentage of the net pension liability (asset)	<u>0.69283%</u>	<u>0.73797%</u>	<u>0.73815%</u>	<u>0.76207%</u>
County's proportion of the net pension liability (asset)	<u>\$ 39,085,506</u>	<u>\$ 11,317,478</u>	<u>\$ 26,377,244</u>	<u>\$ 20,811,537</u>
County's covered payroll	<u>\$ 54,013,647</u>	<u>\$ 47,890,328</u>	<u>\$ 47,383,875</u>	<u>\$ 46,005,737</u>
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>72.36%</u>	<u>23.63%</u>	<u>55.67%</u>	<u>45.24%</u>
Plan fiduciary net position as a percentage of the total pension liability (1)	<u>84.14%</u>	<u>95.51%</u>	<u>88.61%</u>	<u>91.30%</u>

Notes to the Schedule:

The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

(1) - This information was obtained from the State of North Carolina's Annual Comprehensive Financial Report.

2019	2018	2017	2016	2015	2014
<u>0.76253%</u>	<u>0.75814%</u>	<u>0.78464%</u>	<u>0.70825%</u>	<u>0.69420%</u>	<u>0.66320%</u>
<u>\$ 18,089,819</u>	<u>\$ 11,582,279</u>	<u>\$ 16,652,689</u>	<u>\$ 3,178,584</u>	<u>\$ (4,094,256)</u>	<u>\$ (7,994,107)</u>
<u>\$ 47,246,720</u>	<u>\$ 44,203,050</u>	<u>\$ 45,272,812</u>	<u>\$ 43,233,224</u>	<u>\$ 41,507,819</u>	<u>\$ 39,732,374</u>
<u>38.29%</u>	<u>26.20%</u>	<u>36.78%</u>	<u>7.35%</u>	<u>(9.86%)</u>	<u>(20.12%)</u>
<u>94.18%</u>	<u>91.47%</u>	<u>98.09%</u>	<u>99.07%</u>	<u>102.64%</u>	<u>94.35%</u>

ORANGE COUNTY, NORTH CAROLINA

**SCHEDULE OF COUNTY'S CONTRIBUTIONS
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 7,514,762	\$ 6,286,305	\$ 5,549,552	\$ 4,264,529
Contributions in relation to the contractually required contribution	<u>7,514,762</u>	<u>6,286,305</u>	<u>5,549,552</u>	<u>4,264,529</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	<u>\$ 54,013,647</u>	<u>\$ 48,681,486</u>	<u>\$ 47,890,328</u>	<u>\$ 47,383,875</u>
Contributions as a percentage of covered payroll	<u>13.91%</u>	<u>12.91%</u>	<u>11.59%</u>	<u>9.00%</u>

2019	2018	2017	2016	2015	2014
\$ 3,588,591	\$ 3,841,938	\$ 3,525,190	\$ 3,104,810	\$ 3,041,550	\$ 2,924,842
<u>3,588,591</u>	<u>3,841,938</u>	<u>3,525,190</u>	<u>3,104,810</u>	<u>3,041,550</u>	<u>2,924,842</u>
<u>\$ -</u>					
<u>\$ 46,005,737</u>	<u>\$ 47,246,720</u>	<u>\$ 44,203,050</u>	<u>\$ 45,272,812</u>	<u>\$ 43,233,224</u>	<u>\$ 41,507,819</u>
<u>7.80%</u>	<u>8.13%</u>	<u>7.97%</u>	<u>6.86%</u>	<u>7.04%</u>	<u>7.05%</u>

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF NET PENSION ASSET REGISTER OF DEEDS SUPPLEMENTAL PENSION FUND LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
County's percentage of the net pension asset	<u>1.07341%</u>	<u>1.03322%</u>	<u>1.08257%</u>	<u>1.01215%</u>
County's proportion of the net pension asset	<u>(142,119)</u>	<u>(198,513)</u>	<u>(248,103)</u>	<u>(199,819)</u>
County's covered payroll	<u>\$ 98,543</u>	<u>\$ 96,573</u>	<u>\$ 95,450</u>	<u>\$ 83,580</u>
County's proportionate share of the net pension asset as a percentage of its covered payroll	<u>-144.22%</u>	<u>-205.56%</u>	<u>-259.93%</u>	<u>-239.08%</u>
Plan fiduciary net position as a percentage of the total pension asset (1)	<u>139.04%</u>	<u>156.53%</u>	<u>153.31%</u>	<u>153.77%</u>

Notes to the Schedule:

The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

(1) - This information was obtained from the State of North Carolina's Annual Comprehensive Financial Report.

2019	2018	2017	2016	2015	2014
<u>1.12710%</u>	<u>1.12581%</u>	<u>1.15307%</u>	<u>1.09301%</u>	<u>1.05600%</u>	<u>1.11000%</u>
<u>(186,682)</u>	<u>(192,165)</u>	<u>(215,578)</u>	<u>(253,294)</u>	<u>(239,437)</u>	<u>(236,989)</u>
<u>\$ 82,394</u>	<u>\$ 83,374</u>	<u>\$ 78,416</u>	<u>\$ 76,112</u>	<u>\$ 74,594</u>	<u>\$ 72,016</u>
<u>-226.57%</u>	<u>-230.49%</u>	<u>-274.92%</u>	<u>-332.79%</u>	<u>-320.99%</u>	<u>-329.08%</u>
<u>160.17%</u>	<u>197.29%</u>	<u>193.88%</u>	<u>190.50%</u>	<u>188.75%</u>	<u>189.65%</u>

ORANGE COUNTY, NORTH CAROLINA

**SCHEDULE OF COUNTY'S CONTRIBUTIONS
REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 12,274	\$ 11,237	\$ 9,819	\$ 8,528
Contributions in relation to the contractually required contribution	12,274	11,237	9,819	8,528
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	<u>\$ 101,409</u>	<u>\$ 98,543</u>	<u>\$ 96,573</u>	<u>\$ 95,450</u>
Contributions as a percentage of covered payroll	<u>12.10%</u>	<u>11.40%</u>	<u>10.17%</u>	<u>8.93%</u>

2019	2018	2017	2016	2015	2014
\$ 6,519	\$ 6,229	\$ 6,103	\$ 4,573	\$ 8,746	\$ 8,625
6,519	6,229	6,103	4,573	8,746	8,625
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 83,580	\$ 82,394	\$ 83,374	\$ 78,416	\$ 76,112	\$ 70,464
7.80%	7.56%	7.32%	5.83%	11.49%	12.24%

SUPPLEMENTARY INFORMATION

This section of the County's annual comprehensive financial report presents required combining fund statements for governmental and fiduciary funds. This section also presents budget and actual comparisons to demonstrate legal budgetary compliance with all funds required to adopt and maintain annual or multiyear budget ordinances.

Major Funds ("B" Schedules)

This section presents budget and actual comparison schedules for all major funds other than the General Fund and major special revenue funds with annually adopted budget ordinances (Debt Service Fund).

Nonmajor Governmental Funds ("C" Schedules)

This section presents required combining financial statements for nonmajor governmental funds and budget and actual comparison for all nonmajor governmental funds with activity in the current year. NCGS 159 requires local governments to adopt either annual operating budgets or project ordinances for all funds with limited exceptions for internal service funds and fiduciary funds.

Nonmajor Proprietary Funds ("D" Schedules)

This section presents budget and actual comparison schedules for all nonmajor proprietary funds.

Fiduciary Funds ("E" Schedules)

This section presents combining financial statements for all custodial funds. None of the custodial funds are required to adopt a budget in accordance with NCGS 159.

Additional Financial Information ("F" Schedules)

This section presents schedules for the County's ad valorem or property taxes which is the County's largest source of revenue. NCGS 105 authorizes the County to assess property taxes but, it also limits collection enforcement to 10 years.

ORANGE COUNTY, NORTH CAROLINA

**DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
General government	-	235,000	155,547	79,453
Debt service:				
Principal retirements	-	27,067,096	27,066,934	162
Interest and other charges	-	11,010,074	10,344,039	666,035
Total expenditures	-	38,312,170	37,566,520	745,650
Deficiency of revenues under expenditures	-	(38,312,170)	(37,566,520)	745,650
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	44,077,170	44,077,170	-
Long-term debt issued	-	235,000	235,411	411
Fund balance to reserves	-	(6,000,000)	-	6,000,000
Total other financing sources	-	38,312,170	44,312,581	6,000,411
Net change in fund balance	\$ -	\$ -	6,746,061	\$ 6,746,061
FUND BALANCE				
Beginning balance			-	
Ending balance			\$ 6,746,061	

ORANGE COUNTY, NORTH CAROLINA

COUNTY CAPITAL IMPROVEMENTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Total	Variance Positive (Negative)
REVENUES					
Sales taxes	\$ -	\$ 109,874	\$ -	\$ 109,874	\$ 109,874
Restricted intergovernmental:					
Federal	14,713,693	13,030,247	2,013,073	15,043,320	329,627
State	14,157,915	6,934,236	0	6,934,236	(7,223,679)
Other	-	52,068	90,264	142,332	142,332
Investment earnings	2,253,475	4,805,901	2,515,217	7,321,118	5,067,643
Miscellaneous	3,895,113	4,930,477	344,639	5,275,116	1,380,003
Total revenues	<u>35,020,196</u>	<u>29,862,803</u>	<u>4,963,193</u>	<u>34,825,996</u>	<u>(194,200)</u>
EXPENDITURES					
Current:					
Capital outlay	273,707,828	223,882,593	18,063,762	241,946,355	31,761,473
Debt service:					
Interest and other charges	928,087	4,449,401	-	4,449,401	(3,521,314)
Total expenditures	<u>274,635,915</u>	<u>228,331,994</u>	<u>18,063,762</u>	<u>246,395,756</u>	<u>28,240,159</u>
Deficiency of revenues under expenditures	<u>(239,615,719)</u>	<u>(198,469,191)</u>	<u>(13,100,569)</u>	<u>(211,569,760)</u>	<u>28,045,959</u>
OTHER FINANCING SOURCES (USES)					
General obligation bonds issued	36,288,116	190,337,496	-	190,337,496	154,049,380
Premiums on bonds	2,000,000	31,101,064	-	31,101,064	29,101,064
Other long-term debt issued	178,637,435	160,166,902	5,790,949	165,957,851	(12,679,584)
Payment to escrow agent	-	(151,809,861)	-	(151,809,861)	(151,809,861)
Transfers from other funds	24,417,748	32,418,081	2,369,223	34,787,304	10,369,556
Transfers to other funds	(2,027,680)	(6,833,375)	-	(6,833,375)	(4,805,695)
Appropriated fund balance	300,100	-	-	-	(300,100)
Other financing sources, net	<u>239,615,719</u>	<u>255,380,307</u>	<u>8,160,172</u>	<u>263,540,479</u>	<u>23,924,760</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 56,911,116</u>	<u>(4,940,397)</u>	<u>\$ 51,970,719</u>	<u>\$ 51,970,719</u>
FUND BALANCE					
Beginning balance			56,911,116		
Ending balance			<u>\$ 51,970,719</u>		

ORANGE COUNTY, NORTH CAROLINA

SCHOOL CAPITAL IMPROVEMENTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Total	Variance Positive (Negative)
REVENUES					
Sales taxes	\$ 592,333	\$ 493,539	\$ -	\$ 493,539	\$ (98,794)
Unrestricted intergovernmental	-	581,128	-	581,128	581,128
Restricted intergovernmental:					
Lottery proceeds	1,918,139	2,959,057	-	2,959,057	1,040,918
Investment earnings	-	3,437,092	502,577	3,939,669	3,939,669
Miscellaneous	-	33,759	-	33,759	33,759
Total revenues	<u>2,510,472</u>	<u>7,504,575</u>	<u>502,577</u>	<u>8,007,152</u>	<u>5,496,680</u>
EXPENDITURES					
Current:					
Education:					
Orange County Schools	259,706,305	48,154,864	4,360,646	52,515,510	207,190,795
Chapel Hill-Carrboro City Schools	14,625,455	179,080,040	13,749,151	192,829,191	(178,203,736)
Other	984,561	3,043,215	-	3,043,215	(2,058,654)
Total expenditures	<u>275,316,321</u>	<u>230,278,119</u>	<u>18,109,797</u>	<u>248,387,916</u>	<u>26,928,405</u>
Deficiency of revenues under expenditures	<u>(272,805,849)</u>	<u>(222,773,544)</u>	<u>(17,607,220)</u>	<u>(240,380,764)</u>	<u>32,425,085</u>
OTHER FINANCING SOURCES (USES)					
General obligation bonds issued	136,525,519	125,530,873	-	125,530,873	(10,994,646)
Premiums on bonds	5,531,923	6,305,785	-	6,305,785	773,862
Other long-term debt issued	68,196,506	82,330,828	8,271,640	90,602,468	22,405,962
Transfers from other funds	62,551,901	48,194,294	6,102,354	54,296,648	(8,255,253)
Transfers to other funds	-	(10,822,685)	-	(10,822,685)	(10,822,685)
Other financing sources, net	<u>272,805,849</u>	<u>251,539,095</u>	<u>14,373,994</u>	<u>265,913,089</u>	<u>(6,892,760)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 28,765,551</u>	<u>(3,233,226)</u>	<u>\$ 25,532,325</u>	<u>\$ 25,532,325</u>
FUND BALANCE					
Beginning balance			<u>28,765,551</u>		
Ending balance			<u>\$ 25,532,325</u>		

ORANGE COUNTY, NORTH CAROLINA

SOLID WASTE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) - BUDGET AND ACTUAL (NON-GAAP) FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 10,496,147	\$ 10,590,452	\$ 94,305
Other operating revenue	454,660	411,346	(43,314)
Disposal taxes and reimbursements	306,000	396,532	90,532
Investment earnings	-	385,106	385,106
Total revenues	11,256,807	11,783,436	526,629
EXPENDITURES			
Operations	7,980,673	7,462,445	518,228
General and administrative	2,938,958	2,886,262	52,696
Total expenditures	10,919,631	10,348,707	570,924
Excess of revenues over expenditures	337,176	1,434,729	1,097,553
OTHER FINANCING SOURCES (USES)			
Transfers to Solid Waste Capital Projects Fund	(1,934,503)	(1,934,503)	-
Appropriated fund balance	1,597,327	-	(1,597,327)
Other financing (uses), net	(337,176)	(1,934,503)	(1,597,327)
Deficiency of revenues and other financing (uses) under expenditures	\$ -	(499,774)	\$ (499,774)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Solid Waste Fund reconciling items:			
Increase in deferred outflows - pensions		469,837	
Increase in compensated absences		(19,268)	
Increase in net pension liability		(1,499,003)	
Decrease in deferred inflows - pensions		1,153,400	
Depreciation expense		(1,014,082)	
Solid Waste Capital Projects Fund reconciling items:			
Principal payments on long-term debt		919,792	
Purchases of capital assets		953,855	
Transfer from Solid Waste Fund		1,934,503	
Noncapitalized expenditures		(46,240)	
Interest and other charges		(221,003)	
Change in net position - GAAP Basis		\$ 2,132,017	

ORANGE COUNTY, NORTH CAROLINA

SOLID WASTE CAPITAL PROJECTS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING
SOURCES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	Project Authorization	Actual		Total	Variance Positive (Negative)
		Prior Years	Current Year		
REVENUES					
Investment earnings	\$ -	\$ 48	\$ -	\$ 48	\$ 48
Total revenues	-	48	-	48	48
EXPENDITURES					
Capital expenditures	9,940,524	6,379,603	953,855	7,333,458	2,607,066
Other	-	(2,181,034)	46,240	(2,134,794)	2,134,794
Debt service:					
Principal retirements	3,274,317	3,063,542	919,792	3,983,334	(709,017)
Interest and other charges	974,550	726,064	291,798	1,017,862	(43,312)
Total expenditures	14,189,391	7,988,175	2,211,685	10,199,860	3,989,531
Deficiency of revenues under expenditures	(14,189,391)	(7,988,127)	(2,211,685)	(10,199,812)	3,989,579
OTHER FINANCING SOURCES					
Long-term debt issued	6,861,885	4,899,997	-	4,899,997	(1,961,888)
Proceeds from sale of assets	240,000	370,897	-	370,897	130,897
Transfer from Solid Waste Fund	7,087,506	5,153,003	1,934,503	7,087,506	-
Total other financing sources	14,189,391	10,423,897	1,934,503	12,358,400	(1,830,991)
Deficiency of revenues and other financing sources over (under) expenditures	\$ -	\$ 2,435,770	\$ (277,182)	\$ 2,158,588	\$ 2,158,588

ORANGE COUNTY, NORTH CAROLINA

SPORTSPLEX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) - BUDGET AND ACTUAL (NON-GAAP) FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services	\$ 4,756,865	\$ 4,769,351	\$ 12,486
Total revenues	4,756,865	4,769,351	12,486
EXPENDITURES			
Operations	2,208,398	1,978,902	229,496
General and administrative	1,649,373	1,635,291	14,082
Total expenditures	3,857,771	3,614,193	243,578
Excess of revenues over expenditures	899,094	1,155,158	256,064
OTHER FINANCING SOURCES (USES)			
Transfer to SportsPlex Capital Projects Fund	(975,000)	(975,000)	-
Appropriated fund balance	75,906	-	(75,906)
Other financing sources (uses), net	(899,094)	(975,000)	(75,906)
Excess of revenues and other financing (uses) over expenditures	\$ -	180,158	\$ 180,158
Reconciliation from budgetary basis (modified accrual) to full accrual:			
SportsPlex Fund reconciling items:			
Depreciation expense		(503,366)	
SportsPlex Capital Projects Fund reconciling items:			
Transfer from SportsPlex Operating Fund		975,000	
Investment earnings		2,568	
Interest and other charges		(142,950)	
Change in net position - GAAP Basis		\$ 511,410	

ORANGE COUNTY, NORTH CAROLINA

SPORTSPLEX CAPITAL PROJECTS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING
SOURCES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	Project Authorization	Actual		Total	Variance Positive (Negative)
		Prior Years	Current Year		
REVENUES					
Investment earnings	\$ -	\$ -	\$ 2,568	\$ 2,568	\$ 2,568
Total revenues	-	-	2,568	2,568	2,568
EXPENDITURES					
Community services	-	2,037,786	106,743	2,144,529	(2,144,529)
Capital expenditures	2,243,710	1,574,818	-	1,574,818	668,892
Debt service:					
Principal retirements	1,519,821	1,351,794	551,779	1,903,573	(383,752)
Interest and other charges	602,466	656,911	192,926	849,837	(247,371)
Total expenditures	4,365,997	5,621,309	851,448	6,472,757	(2,106,760)
Deficiency of revenues under expenditures	(4,365,997)	(5,621,309)	(848,880)	(6,470,189)	(2,104,192)
OTHER FINANCING SOURCES					
Long-term debt issued	1,688,648	941,182	-	941,182	(747,466)
Transfers from SportsPlex Fund	2,170,349	1,820,804	975,000	2,795,804	625,455
Appropriated fund balance	507,000	-	-	-	(507,000)
Total other financing sources	4,365,997	2,761,986	975,000	3,736,986	(629,011)
Deficiency of revenues and other financing sources over (under) expenditures	\$ -	\$ (2,859,323)	\$ 126,120	\$ (2,733,203)	\$ (2,733,203)

ORANGE COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Special Revenue Funds					
	Local Fire Districts	FEMA Recovery	Grant Supported	Grant Projects	Sheriff Forfeitures	Community Development
ASSETS						
Unrestricted cash and investments	\$ 775,635	\$ (1,380)	\$ 167,833	\$ 1,986,010	\$ 965,280	\$ 88,314
Receivables:						
Taxes receivable, net	269,121	-	-	-	-	-
Due from other governments	-	228,084	26,996	81,986	-	181,381
Other receivables	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	1,000,000
Total assets	<u>1,044,756</u>	<u>226,704</u>	<u>194,829</u>	<u>2,067,996</u>	<u>965,280</u>	<u>1,269,695</u>
LIABILITIES						
Accounts payable	-	-	4,714	44,844	17,369	98,592
Due to other funds	-	970,540	-	-	-	-
Accrued payroll and other liabilities	-	170	19,431	34,591	-	80,165
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>970,710</u>	<u>24,145</u>	<u>79,435</u>	<u>17,369</u>	<u>178,757</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - intergovernmental	-	-	82,283	-	-	-
Unavailable revenues - property taxes receivables	204,147	-	-	-	-	-
Total deferred inflows of resources	<u>204,147</u>	<u>-</u>	<u>82,283</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted:						
Stabilization by State Statute	-	-	-	-	-	-
Public safety	840,609	-	-	-	947,911	-
Human services	-	-	88,401	1,988,561	-	90,938
Community services	-	-	-	-	-	1,000,000
Committed:						
Human services	-	-	-	-	-	-
Education	-	-	-	-	-	-
Assigned:						
Capital projects	-	-	-	-	-	-
Unassigned	-	(744,006)	-	-	-	-
Total fund balances	<u>840,609</u>	<u>(744,006)</u>	<u>88,401</u>	<u>1,988,561</u>	<u>947,911</u>	<u>1,090,938</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,044,756</u>	<u>\$ 226,704</u>	<u>\$ 194,829</u>	<u>\$ 2,067,996</u>	<u>\$ 965,280</u>	<u>\$ 1,269,695</u>

Special Revenue Funds						
Section 8 Housing	Article 46 Sales Tax	Emergency Telephone System	Visitors Bureau	Spay/Neuter	DSS Client Services	Impact Fees
\$ 688,576	\$ 3,280,245	\$ 803,655	\$ 947,686	\$ -	\$ 666,827	\$ -
-	1,685,201	-	-	-	-	-
-	-	64,622	-	-	-	-
-	-	-	201,382	-	-	-
-	-	-	-	-	-	-
<u>688,576</u>	<u>4,965,446</u>	<u>868,277</u>	<u>1,149,068</u>	<u>-</u>	<u>666,827</u>	<u>-</u>
281	42,574	6,636	20,970	2,060	2,602	-
-	-	-	-	545	-	-
57,254	1,427	2,999	33,712	-	-	-
17,454	-	-	7,345	-	-	-
<u>74,989</u>	<u>44,001</u>	<u>9,635</u>	<u>62,027</u>	<u>2,605</u>	<u>2,602</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,685,201	-	-	-	-	-
-	-	858,642	-	-	-	-
613,587	-	-	-	-	-	-
-	-	-	1,087,041	-	-	-
-	-	-	-	-	664,225	-
-	3,236,244	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	(2,605)	-	-
<u>613,587</u>	<u>4,921,445</u>	<u>858,642</u>	<u>1,087,041</u>	<u>(2,605)</u>	<u>664,225</u>	<u>-</u>
<u>\$ 688,576</u>	<u>\$ 4,965,446</u>	<u>\$ 868,277</u>	<u>\$ 1,149,068</u>	<u>\$ -</u>	<u>\$ 666,827</u>	<u>\$ -</u>

(Continued)

ORANGE COUNTY, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Special Revenue Funds				
	Recreation Subdivision	Heusner	Small Business Loans	Library Development	Mental Health Insurance
ASSETS					
Unrestricted cash and investments	\$ 604,415	\$ -	\$ 239,254	\$ 91,320	\$ 409,193
Receivables:					
Taxes receivable, net	-	-	-	-	-
Due from other governments	-	-	-	-	-
Other receivables	-	-	-	-	-
Notes receivable	-	-	166,141	-	-
Total assets	<u>604,415</u>	<u>-</u>	<u>405,395</u>	<u>91,320</u>	<u>409,193</u>
LIABILITIES					
Accounts payable	-	-	61	-	975
Due to other funds	-	-	-	-	-
Accrued payroll and other liabilities	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>61</u>	<u>-</u>	<u>975</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - intergovernmental	-	-	-	-	-
Unavailable revenues - property taxes receivables	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	166,141	-	-
Restricted:					
Stabilization by State Statute	-	-	-	-	-
Public safety	-	-	-	-	-
Human services	-	-	-	-	408,218
Community services	604,415	-	239,193	91,320	-
Committed:					
Human services	-	-	-	-	-
Education	-	-	-	-	-
Assigned:					
Capital projects	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>604,415</u>	<u>-</u>	<u>405,334</u>	<u>91,320</u>	<u>408,218</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 604,415</u>	<u>\$ -</u>	<u>\$ 405,395</u>	<u>\$ 91,320</u>	<u>\$ 409,193</u>

Representative Payee	Special Revenue Funds				Capital Project Funds		Total
	Opioid Settlement Fund	Communication Tower Trust	School District	Orange County Giving	School Capital Reserve	County Capital Reserve	Nonmajor Governmental Funds
\$ 140,185	\$ 881,554	\$ 7,792	\$ 138,503	\$ 198,111	\$ 120,532	\$ 2,168,214	\$ 15,367,754
-	-	-	462,418	-	-	-	2,416,740
-	-	-	-	-	-	-	583,069
-	-	-	-	424	-	-	201,806
-	-	-	-	-	-	-	1,166,141
<u>140,185</u>	<u>881,554</u>	<u>7,792</u>	<u>600,921</u>	<u>198,535</u>	<u>120,532</u>	<u>2,168,214</u>	<u>19,735,510</u>
14,001	-	3,000	270,177	-	-	-	528,856
-	-	-	-	-	-	-	971,085
23,147	-	-	-	-	-	-	252,896
-	-	-	-	166,522	-	250,000	441,321
<u>37,148</u>	<u>-</u>	<u>3,000</u>	<u>270,177</u>	<u>166,522</u>	<u>-</u>	<u>250,000</u>	<u>2,194,158</u>
-	-	-	-	-	-	-	82,283
-	-	-	330,744	-	-	-	534,891
-	-	-	330,744	-	-	-	617,174
-	-	-	-	-	-	-	166,141
-	-	-	-	-	-	-	1,685,201
-	-	-	-	-	-	-	2,647,162
103,037	881,554	-	-	-	-	-	4,174,296
-	-	4,792	-	32,013	-	-	3,058,774
-	-	-	-	-	-	-	664,225
-	-	-	-	-	-	-	3,236,244
-	-	-	-	-	120,532	1,918,214	2,038,746
-	-	-	-	-	-	-	(746,611)
<u>103,037</u>	<u>881,554</u>	<u>4,792</u>	<u>-</u>	<u>32,013</u>	<u>120,532</u>	<u>1,918,214</u>	<u>16,924,178</u>
<u>\$ 140,185</u>	<u>\$ 881,554</u>	<u>\$ 7,792</u>	<u>\$ 600,921</u>	<u>\$ 198,535</u>	<u>\$ 120,532</u>	<u>\$ 2,168,214</u>	<u>\$ 19,735,510</u>

ORANGE COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds					
	Local Fire Districts	FEMA Recovery	Grant Supported	Grant Projects	Sheriff Forfeitures	Community Development
REVENUES						
Property taxes	\$ 7,750,988	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-
Unrestricted intergovernmental	-	-	-	130,079	-	447,174
Restricted intergovernmental	-	327,490	46,934	1,219,550	396,553	710,102
Charges for services	-	-	51,617	-	-	-
Investment earnings	18,728	-	-	-	16,856	2,043
License and permits	-	-	-	-	-	-
Miscellaneous	-	-	2,637	199,509	-	19,415
Total revenues	<u>7,769,716</u>	<u>327,490</u>	<u>101,188</u>	<u>1,549,138</u>	<u>413,409</u>	<u>1,178,734</u>
EXPENDITURES						
Current:						
Community services	-	-	-	3,998	-	-
General government	-	1,379	-	76,171	-	-
Public safety	7,862,073	-	-	116,794	430,070	-
Human services	-	58,405	151,142	854,532	-	2,119,884
Education	-	-	-	-	-	-
Debt service:						
Principal retirements	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Total expenditures	<u>7,862,073</u>	<u>59,784</u>	<u>151,142</u>	<u>1,051,495</u>	<u>430,070</u>	<u>2,119,884</u>
Revenues over (under) expenditures	<u>(92,357)</u>	<u>267,706</u>	<u>(49,954)</u>	<u>497,643</u>	<u>(16,661)</u>	<u>(941,150)</u>
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	-	-	-	-
Transfers from other funds	-	371,743	57,220	268,770	-	452,486
Transfers to other funds	-	-	-	-	-	-
Other financing sources (uses), net	<u>-</u>	<u>371,743</u>	<u>57,220</u>	<u>268,770</u>	<u>-</u>	<u>452,486</u>
Net change in fund balances	<u>(92,357)</u>	<u>639,449</u>	<u>7,266</u>	<u>766,413</u>	<u>(16,661)</u>	<u>(488,664)</u>
FUND BALANCES						
Beginning balances	<u>932,966</u>	<u>(1,383,455)</u>	<u>81,135</u>	<u>1,222,148</u>	<u>964,572</u>	<u>1,579,602</u>
Ending balances	<u>\$ 840,609</u>	<u>\$ (744,006)</u>	<u>\$ 88,401</u>	<u>\$ 1,988,561</u>	<u>\$ 947,911</u>	<u>\$ 1,090,938</u>

Special Revenue Funds						
Section 8 Housing	Article 46 Sales Tax	Emergency Telephone System	Visitors Bureau	Spay/Neuter	DSS Client Services	Impact Fees
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	5,909,762	-	-	-	-	-
-	-	-	1,947,970	-	-	-
-	500,000	-	351,988	10,480	-	-
6,535,431	-	-	52,185	22,505	-	-
-	-	775,459	117,085	-	-	-
8,847	74,052	11,785	17,682	170	13,352	-
-	-	-	-	-	-	-
-	29,413	-	-	6,336	13,853	-
<u>6,544,278</u>	<u>6,513,227</u>	<u>787,244</u>	<u>2,486,910</u>	<u>39,491</u>	<u>27,205</u>	<u>-</u>
-	2,948,562	-	1,769,703	54,716	-	-
-	-	-	434,136	-	-	-
-	-	322,302	-	-	-	-
5,960,913	-	-	-	-	151,448	-
-	2,913,568	-	-	-	-	-
-	578,471	-	1,406	-	-	-
-	303,250	-	28	-	-	-
<u>5,960,913</u>	<u>6,743,851</u>	<u>322,302</u>	<u>2,205,273</u>	<u>54,716</u>	<u>151,448</u>	<u>-</u>
<u>583,365</u>	<u>(230,624)</u>	<u>464,942</u>	<u>281,637</u>	<u>(15,225)</u>	<u>(124,243)</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	9,541	-
-	(76,740)	-	-	-	-	(515)
-	(76,740)	-	-	-	9,541	(515)
<u>583,365</u>	<u>(307,364)</u>	<u>464,942</u>	<u>281,637</u>	<u>(15,225)</u>	<u>(114,702)</u>	<u>(515)</u>
<u>30,222</u>	<u>5,228,809</u>	<u>393,700</u>	<u>805,404</u>	<u>12,620</u>	<u>778,927</u>	<u>515</u>
<u>\$ 613,587</u>	<u>\$ 4,921,445</u>	<u>\$ 858,642</u>	<u>\$ 1,087,041</u>	<u>\$ (2,605)</u>	<u>\$ 664,225</u>	<u>\$ -</u>

(Continued)

ORANGE COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds				
	Recreation Subdivision	Heusner	Small Business Loans	Library Development	Mental Health Insurance
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-
Other taxes	-	-	-	-	-
Unrestricted intergovernmental	-	-	-	-	-
Restricted intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment earnings	11,367	-	4,000	-	7,818
License and permits	-	-	-	-	-
Miscellaneous	12,219	-	-	-	-
Total revenues	<u>23,586</u>	<u>-</u>	<u>4,000</u>	<u>-</u>	<u>7,818</u>
EXPENDITURES					
Current:					
Community services	-	-	1,610	-	-
General government	-	6	-	-	-
Public safety	-	-	-	-	-
Human services	-	-	-	-	10,823
Education	-	-	-	-	-
Debt service:					
Principal retirements	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Total expenditures	<u>-</u>	<u>6</u>	<u>1,610</u>	<u>-</u>	<u>10,823</u>
Revenues over (under) expenditures	<u>23,586</u>	<u>(6)</u>	<u>2,390</u>	<u>-</u>	<u>(3,005)</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	-	-	-
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	(9,541)	-	-	-
Other financing sources (uses), net	<u>-</u>	<u>(9,541)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>23,586</u>	<u>(9,547)</u>	<u>2,390</u>	<u>-</u>	<u>(3,005)</u>
FUND BALANCES					
Beginning balances	580,829	9,547	402,944	91,320	411,223
Ending balances	<u>\$ 604,415</u>	<u>\$ -</u>	<u>\$ 405,334</u>	<u>\$ 91,320</u>	<u>\$ 408,218</u>

Representative Payee	Special Revenue Funds				Capital Project Funds		Total
	Opioid Settlement Fund	Communication Tower Trust	School District	Orange County Giving	School Capital Reserve	County Capital Reserve	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 25,545,354	\$ -	\$ -	\$ -	\$ 33,296,342
-	-	-	-	-	-	-	5,909,762
-	-	-	-	-	-	-	1,947,970
-	-	-	-	-	-	-	1,439,721
-	620,309	-	-	-	-	-	9,931,059
-	-	-	-	-	-	-	944,161
-	-	70	-	-	2,282	13,352	202,404
-	-	16,800	-	-	-	-	16,800
-	-	-	-	-	-	-	283,382
-	620,309	16,870	25,545,354	-	2,282	13,352	53,971,601
-	-	21,501	-	-	-	-	4,800,090
-	-	-	-	-	-	-	511,692
-	-	-	-	-	-	-	8,731,239
-	-	-	-	-	-	-	9,307,147
-	-	-	25,545,354	-	-	-	28,458,922
-	-	-	-	-	-	-	579,877
-	-	-	-	-	-	-	303,278
-	-	21,501	25,545,354	-	-	-	52,692,245
-	620,309	(4,631)	-	-	2,282	13,352	1,279,356
-	-	-	-	-	-	404,641	404,641
-	-	-	-	-	3,500,000	2,500,000	7,159,760
-	-	-	-	-	(3,500,000)	(1,015,654)	(4,602,450)
-	-	-	-	-	-	1,888,987	2,961,951
-	620,309	(4,631)	-	-	2,282	1,902,339	4,241,307
103,037	261,245	9,423	-	32,013	118,250	15,875	12,682,871
\$ 103,037	\$ 881,554	\$ 4,792	\$ -	\$ 32,013	\$ 120,532	\$ 1,918,214	\$ 16,924,178

ORANGE COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Ad valorem taxes:				
Property taxes	\$ 185,465,172	\$ 185,599,929	\$ 187,434,838	\$ 1,834,909
Tax penalties and interest	626,615	626,615	704,766	78,151
Gross receipts tax	86,069	86,069	109,963	23,894
Total ad valorem taxes	<u>186,177,856</u>	<u>186,312,613</u>	<u>188,249,567</u>	<u>1,936,954</u>
Sales tax:				
Local option sales tax	<u>35,616,489</u>	<u>35,616,489</u>	<u>43,396,780</u>	<u>7,780,291</u>
Intergovernmental revenues:				
Animal tax	150,000	150,000	97,185	(52,815)
Beer and wine tax	278,273	278,273	262,941	(15,332)
Federal and State grants	16,161,568	19,573,494	17,255,504	(2,317,990)
Local grants	1,309,143	1,424,358	979,969	(444,389)
ABC Board law enforcement distribution	842,898	810,898	767,516	(43,382)
Total intergovernmental revenues	<u>18,741,882</u>	<u>22,237,023</u>	<u>19,363,115</u>	<u>(2,873,908)</u>
Charges for services:				
Register of Deeds	2,499,382	2,499,382	2,176,405	(322,977)
Collection fees	375,000	375,000	429,306	54,306
Inspection fees	1,681,700	1,878,725	1,496,784	(381,941)
Health service fees	1,757,506	1,757,506	1,413,729	(343,777)
Recreation fees	437,300	437,300	518,717	81,417
Aging fees	151,800	151,800	118,702	(33,098)
EMS fees	3,742,667	3,742,667	5,563,815	1,821,148
Sheriff and court charges	2,000,000	2,000,000	2,182,429	182,429
Other charges	127,552	127,552	135,885	8,333
Total charges for services	<u>12,772,907</u>	<u>12,969,932</u>	<u>14,035,772</u>	<u>1,065,840</u>
Investment earnings and interest income	<u>10,300</u>	<u>691,800</u>	<u>1,811,962</u>	<u>1,120,162</u>
Licenses, permits and fees:				
Privilege licenses	12,000	12,000	11,185	(815)
Franchise fees	262,200	262,200	236,243	(25,957)
Total licenses, permits and fees	<u>274,200</u>	<u>274,200</u>	<u>247,428</u>	<u>(26,772)</u>
Miscellaneous revenues:				
Donations	83,000	186,711	242,435	55,724
Rent	297,120	297,120	297,120	-
Other	1,400,197	1,400,197	1,596,105	195,908
Total miscellaneous revenues	<u>1,780,317</u>	<u>1,884,028</u>	<u>2,135,660</u>	<u>251,632</u>
Total revenues	<u>255,373,951</u>	<u>259,986,085</u>	<u>269,240,284</u>	<u>9,254,199</u>

continued

ORANGE COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2023**

Expenditures	Budget		Actual	Variance With Final Budget
	Original	Final		
Current:				
Community Services:				
Animal services	\$ 2,583,130	\$ 2,690,981	\$ 2,681,480	\$ 9,501
Cooperative extension	496,914	415,689	410,026	5,663
Solid Waste Management	-	981,559	910,493	71,066
Department of environment, agriculture, parks and recreation	4,214,353	4,295,090	4,189,658	105,432
Economic development	-	-	2,378	(2,378)
Orange public transportation	3,343,262	2,613,809	2,614,970	(1,161)
Planning and inspections	3,404,578	3,585,618	3,192,992	392,626
Municipal recreation	125,108	125,108	125,110	(2)
Non-departmental	523,408	727,435	468,205	259,230
Total	<u>14,690,753</u>	<u>15,435,289</u>	<u>14,595,312</u>	<u>839,977</u>
General Government:				
Board of county commissioners	834,569	853,756	802,519	51,237
Board of elections	967,883	988,384	899,985	88,399
County attorney's office	697,286	797,474	774,438	23,036
County manager's office	3,798,148	3,414,924	2,980,378	434,546
Register of deeds	1,107,935	1,185,138	1,184,477	661
Tax administration	4,159,250	4,280,425	4,180,344	100,081
Outside Agencies	1,854,691	1,854,691	1,828,974	25,717
Non-departmental	102,500	102,509	452,184	(349,675)
Total	<u>13,522,262</u>	<u>13,477,301</u>	<u>13,103,299</u>	<u>374,002</u>
Public Safety:				
Courts	56,813	61,963	125,194	(63,231)
Emergency services	13,820,427	13,854,181	13,512,848	341,333
Sheriff	16,628,248	18,187,080	18,399,592	(212,512)
Criminal justice	895,442	885,766	877,773	7,993
Non-departmental	518,280	585,680	519,592	66,088
Total	<u>31,919,210</u>	<u>33,574,670</u>	<u>33,434,999</u>	<u>139,671</u>
Human Services:				
Child support services	1,194,674	1,165,845	1,134,741	31,104
Department of social services	22,252,112	21,689,595	19,383,436	2,306,159
Department of aging	2,319,473	2,578,589	2,451,653	126,936
Health department	11,374,308	11,399,590	10,231,548	1,168,042
Housing, human rights, and community development	1,470,844	1,496,894	1,395,439	101,455
Library services	2,486,342	2,465,601	2,447,544	18,057
Library municipal	537,023	537,023	505,207	31,816
OPC area program	897,045	956,723	859,873	96,850
Non-departmental	506,843	331,843	349,097	(17,254)
Total	<u>43,038,664</u>	<u>42,621,703</u>	<u>38,758,538</u>	<u>3,863,165</u>

ORANGE COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Expenditures (Continued)				
Education:				
Current expenditures	\$ 93,578,782	\$ 94,388,187	\$ 94,388,187	\$ -
Fair funding	3,738,485	3,987,123	3,506,571	480,552
Durham Tech (Orange campus)	884,405	-	-	-
Recurring Capital	-	75,000	75,000	-
Total	<u>98,201,672</u>	<u>98,450,310</u>	<u>97,969,758</u>	<u>480,552</u>
Support Services:				
Asset management services	5,328,098	5,789,494	4,089,515	1,699,979
Community relations	374,550	351,412	324,947	26,465
Finance and administrative services	1,690,620	1,703,234	1,698,303	4,931
Human resources	1,046,142	1,669,052	1,418,603	250,449
Information technologies	4,209,133	4,512,074	3,781,585	730,489
Economic Development	-	-	509	(509)
Non-departmental	(353,216)	401,684	491,876	(90,192)
Total	<u>12,295,327</u>	<u>14,426,950</u>	<u>11,805,338</u>	<u>2,621,612</u>
Debt Service:				
Principal	27,067,096	-	4,222,453	(4,222,453)
Interest	11,010,074	-	117,399	(117,399)
Total	<u>38,077,170</u>	<u>-</u>	<u>4,339,852</u>	<u>(4,339,852)</u>
Total expenditures	<u>251,745,058</u>	<u>217,986,223</u>	<u>214,007,096</u>	<u>3,979,127</u>
Excess of revenues over expenditures	3,628,893	41,999,862	55,233,188	13,233,326
Other financing sources (uses)				
Issuance of leases	-	-	580,585	580,585
Issuance of subscriptions	-	-	986,524	986,524
Sale of capital assets	121,000	121,000	159,858	38,858
Transfers in	76,740	76,740	77,255	515
Transfers out	(6,435,521)	(58,116,612)	(57,975,537)	141,075
Appropriated fund balance	2,608,888	15,919,010	-	(15,919,010)
Total other financing sources (uses)	<u>(3,628,893)</u>	<u>(41,999,862)</u>	<u>(56,171,315)</u>	<u>(14,171,453)</u>
Net change in fund balances	-	-	(938,127)	(938,127)
Fund balance, beginning of year	<u>81,346,392</u>	<u>81,346,392</u>	<u>81,346,392</u>	<u>-</u>
Fund balance, end of year	<u>\$ 81,346,392</u>	<u>\$ 81,346,392</u>	<u>\$ 80,408,265</u>	<u>\$ (938,127)</u>

ORANGE COUNTY, NORTH CAROLINA

LOCAL FIRE DISTRICTS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Taxes	\$ 7,623,751	\$ 7,750,988	\$ 127,237
Investment earnings	985	18,728	17,743
Total revenues	<u>7,624,736</u>	<u>7,769,716</u>	<u>144,980</u>
EXPENDITURES			
Current:			
Public safety	<u>7,862,073</u>	<u>7,862,073</u>	<u>-</u>
Deficiency of revenues under expenditures	(237,337)	(92,357)	144,980
OTHER FINANCING SOURCES			
Appropriated fund balance	<u>237,337</u>	<u>-</u>	<u>(237,337)</u>
Net change in fund balance	<u>\$ -</u>	<u>(92,357)</u>	<u>\$ (92,357)</u>
FUND BALANCE			
Beginning balance		<u>932,966</u>	
Ending balance		<u>\$ 840,609</u>	

ORANGE COUNTY, NORTH CAROLINA

FEMA RECOVERY FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Restricted Intergovernmental	<u>\$ 4,750,000</u>	<u>\$ 327,490</u>	<u>\$ (4,422,510)</u>
EXPENDITURES			
Current:			
General Government	95,108	1,379	93,729
Public Safety	4,486,484	-	4,486,484
Human Services	168,408	58,405	110,003
Total expenditures	<u>4,750,000</u>	<u>59,784</u>	<u>4,690,216</u>
Excess of revenues over expenditures	-	267,706	267,706
OTHER FINANCING SOURCES			
Transfers from other funds	-	371,743	371,743
Net change in fund balance	<u>\$ -</u>	<u>639,449</u>	<u>\$ 639,449</u>
FUND BALANCE			
Beginning balance		<u>(1,383,455)</u>	
Ending balance		<u>\$ (744,006)</u>	

ORANGE COUNTY, NORTH CAROLINA

GRANT SUPPORTED FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Charges for services	\$ 75,000	\$ 51,617	\$ (23,383)
Restricted intergovernmental	26,996	46,934	19,938
Miscellaneous	20,000	2,637	(17,363)
Total revenues	<u>121,996</u>	<u>101,188</u>	<u>(20,808)</u>
EXPENDITURES			
Current:			
Human services	<u>179,216</u>	<u>151,142</u>	<u>28,074</u>
Deficiency of revenues under expenditures	(57,220)	(49,954)	7,266
OTHER FINANCING SOURCES			
Transfers from other funds	<u>57,220</u>	<u>57,220</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>7,266</u>	<u>\$ 7,266</u>
FUND BALANCE			
Beginning balance		<u>81,135</u>	
Ending balance		<u>\$ 88,401</u>	

ORANGE COUNTY, NORTH CAROLINA

GRANT PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project Authorization	Prior Year	Actual Current Year	Total	Variance Positive (Negative)
REVENUES					
Unrestricted intergovernmental	\$ -	\$ 188,121	\$ 130,079	\$ 318,200	\$ 318,200
Restricted intergovernmental	20,394,273	13,133,135	1,219,550	14,352,685	(6,041,588)
Miscellaneous	1,125,226	723,013	199,509	922,522	(202,704)
Total revenues	<u>21,519,499</u>	<u>14,044,269</u>	<u>1,549,138</u>	<u>15,593,407</u>	<u>(5,926,092)</u>
EXPENDITURES					
Current:					
Community services	2,143,786	1,240,002	3,998	1,244,000	899,786
General government	437,338	186,274	76,171	262,445	174,893
Public safety	10,816,748	5,759,770	116,794	5,876,564	4,940,184
Human services	9,460,181	6,910,077	854,532	7,764,609	1,695,572
Support services	293,247	231,967	-	231,967	61,280
Total expenditures	<u>23,151,300</u>	<u>14,328,090</u>	<u>1,051,495</u>	<u>15,379,585</u>	<u>7,771,715</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,631,801)</u>	<u>(283,821)</u>	<u>497,643</u>	<u>213,822</u>	<u>1,845,623</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	1,757,296	1,357,759	268,770	1,626,529	(130,767)
Transfers to other funds	(125,495)	(24,917)	-	(24,917)	100,578
Closed out project revenue	-	173,127	-	173,127	173,127
Other financing sources, net	<u>1,631,801</u>	<u>1,505,969</u>	<u>268,770</u>	<u>1,774,739</u>	<u>142,938</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,222,148</u>	<u>766,413</u>	<u>\$ 1,988,561</u>	<u>\$ 1,988,561</u>
FUND BALANCE					
Beginning balance			<u>1,222,148</u>		
Ending balance			<u>\$ 1,988,561</u>		

ORANGE COUNTY, NORTH CAROLINA

SHERIFF FORFEITURES FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Restricted intergovernmental	\$ 1,705,646	\$ 396,553	\$ (1,309,093)
Investment earnings	33,925	16,856	(17,069)
Total revenues	<u>1,739,571</u>	<u>413,409</u>	<u>(1,326,162)</u>
EXPENDITURES			
Current:			
Public safety	<u>1,727,620</u>	<u>430,070</u>	<u>1,297,550</u>
Total expenditures	<u>1,727,620</u>	<u>430,070</u>	<u>1,297,550</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,951</u>	<u>(16,661)</u>	<u>(28,612)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	13,049	-	(13,049)
Transfers to other funds	<u>(25,000)</u>	<u>-</u>	<u>25,000</u>
Other financing sources (uses), net	<u>(11,951)</u>	<u>-</u>	<u>11,951</u>
Net change in fund balance	<u>\$ -</u>	<u>(16,661)</u>	<u>\$ (16,661)</u>
FUND BALANCE			
Beginning balance		964,572	
Ending balance		<u>\$ 947,911</u>	

ORANGE COUNTY, NORTH CAROLINA

COMMUNITY DEVELOPMENT FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Actual Current Year</u>	<u>Total</u>	<u>Variance Positive (Negative)</u>
REVENUES					
Unrestricted intergovernmental:					
Town of Chapel Hill	\$ 2,449,669	\$ 1,979,167	\$ 258,118	\$ 2,237,285	\$ (212,384)
Town of Carrboro	871,008	617,526	129,976	747,502	(123,506)
Town of Hillsborough	303,884	252,210	59,080	311,290	7,406
Restricted intergovernmental:					
HOME	18,122,326	12,802,369	47,650	12,850,019	(5,272,307)
CDBG	4,194,797	3,684,685	300,267	3,984,952	(209,845)
HOPE	2,794,285	2,058,703	-	2,058,703	(735,582)
Other	2,749,827	2,809,927	362,185	3,172,112	422,285
Charges for services	-	1,171,920	-	1,171,920	1,171,920
Investment earnings	-	20,804	2,043	22,847	22,847
Miscellaneous	-	137,071	19,415	156,486	156,486
Total revenues	<u>31,485,796</u>	<u>25,534,382</u>	<u>1,178,734</u>	<u>26,713,116</u>	<u>(4,772,680)</u>
EXPENDITURES					
Current:					
Human services					
HOME	19,904,278	17,495,309	619,555	18,114,864	1,789,414
Homelessness Partnership	2,667,644	3,262,876	845,880	4,108,756	(1,441,112)
Housing Rehab	3,853,626	3,660,529	71,273	3,731,802	121,824
Mitigation/housing displacement	8,724,928	8,480,006	291,760	8,771,766	(46,838)
Affordable Housing	990,653	937,212	-	937,212	53,441
Other programs	6,527,084	2,600,456	291,416	2,891,872	3,635,212
Total expenditures	<u>42,668,213</u>	<u>36,436,388</u>	<u>2,119,884</u>	<u>38,556,272</u>	<u>4,111,941</u>
Deficiency of revenues under expenditures	<u>(11,182,417)</u>	<u>(10,902,006)</u>	<u>(941,150)</u>	<u>(11,843,156)</u>	<u>(660,739)</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	14,080	-	14,080	14,080
Transfers from other funds	13,274,533	12,701,306	452,486	13,153,792	(120,741)
Transfers to other funds	(2,092,116)	(1,716,242)	-	(1,716,242)	375,874
Closed out project revenue	-	1,482,464	-	1,482,464	1,482,464
Other financing sources, net	<u>11,182,417</u>	<u>12,481,608</u>	<u>452,486</u>	<u>12,934,094</u>	<u>1,751,677</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,579,602</u>	<u>(488,664)</u>	<u>\$ 1,090,938</u>	<u>\$ 1,090,938</u>
FUND BALANCE					
Beginning balance			<u>1,579,602</u>		
Ending balance			<u>\$ 1,090,938</u>		

ORANGE COUNTY, NORTH CAROLINA

SECTION 8 HOUSING FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Restricted intergovernmental	\$ 6,463,838	\$ 6,535,431	\$ 71,593
Investment earnings	100	8,847	8,747
Total revenues	<u>6,463,938</u>	<u>6,544,278</u>	<u>80,340</u>
EXPENDITURES			
Current:			
Human services	<u>6,567,994</u>	<u>5,960,913</u>	<u>607,081</u>
Total expenditures	<u>6,567,994</u>	<u>5,960,913</u>	<u>607,081</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(104,056)</u>	<u>583,365</u>	<u>687,421</u>
OTHER FINANCING SOURCES			
Transfers from other funds	<u>104,056</u>	-	<u>(104,056)</u>
Total other financing sources	<u>104,056</u>	-	<u>(104,056)</u>
Net change in fund balance	<u>\$ -</u>	<u>583,365</u>	<u>\$ 583,365</u>
FUND BALANCE			
Beginning balance		<u>30,222</u>	
Ending balance		<u>\$ 613,587</u>	

ORANGE COUNTY, NORTH CAROLINA

ARTICLE 46 SALES TAX

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project Authorization	Prior Year	Actual Current Year	Total	Variance Positive (Negative)
REVENUES					
Sales taxes	\$ 41,820,382	\$ 37,038,993	\$ 5,909,762	\$ 42,948,755	\$ 1,128,373
Unrestricted Intergovernmental	-	-	500,000	500,000	500,000
Investment earnings	-	145,356	74,052	219,408	219,408
Miscellaneous	556,913	1,125,411	29,413	1,154,824	597,911
Total revenues	<u>42,377,295</u>	<u>38,309,760</u>	<u>6,513,227</u>	<u>44,822,987</u>	<u>2,445,692</u>
EXPENDITURES					
Current:					
Community services	14,565,497	8,816,409	2,948,562	11,764,971	2,800,526
Education	20,815,090	16,865,430	2,913,568	19,778,998	1,036,092
Debt service:					
Principal	5,441,089	5,242,983	578,471	5,821,454	(380,365)
Interest	1,044,939	1,963,779	303,250	2,267,029	(1,222,090)
Total expenditures	<u>41,866,615</u>	<u>32,888,601</u>	<u>6,743,851</u>	<u>39,632,452</u>	<u>2,234,163</u>
Excess (deficiency) of revenues over (under) expenditures	<u>510,680</u>	<u>5,421,159</u>	<u>(230,624)</u>	<u>5,190,535</u>	<u>4,679,855</u>
OTHER FINANCING SOURCES (USES)					
Transfers to other funds	(510,680)	(527,333)	(76,740)	(604,073)	(93,393)
Closed out project revenue	-	334,983	-	334,983	334,983
Other financing (uses), net	<u>(510,680)</u>	<u>(192,350)</u>	<u>(76,740)</u>	<u>(269,090)</u>	<u>241,590</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 5,228,809</u>	<u>(307,364)</u>	<u>\$ 4,921,445</u>	<u>\$ 4,921,445</u>
FUND BALANCE					
Beginning balance			5,228,809		
Ending balance			<u>\$ 4,921,445</u>		

ORANGE COUNTY, NORTH CAROLINA

EMERGENCY TELEPHONE SYSTEM FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Charges for services	\$ 775,459	\$ 775,459	\$ -
Investment earnings	-	11,785	11,785
Total revenues	<u>775,459</u>	<u>787,244</u>	<u>11,785</u>
EXPENDITURES			
Current:			
Public safety:			
Telephone	100,000	54,323	45,677
Equipment and maintenance	311,885	242,233	69,652
Training	23,700	12,281	11,419
Contract services	319,074	1,420	317,654
Supplies	20,800	12,045	8,755
Total expenditures	<u>775,459</u>	<u>322,302</u>	<u>453,157</u>
Net change in fund balance	<u>\$ -</u>	464,942	<u>\$ 464,942</u>
FUND BALANCE			
Beginning balance		<u>393,700</u>	
Ending balance		<u>\$ 858,642</u>	

ORANGE COUNTY, NORTH CAROLINA

VISITORS BUREAU FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Unrestricted intergovernmental	\$ 351,988	\$ 351,988	\$ -
Restricted intergovernmental	54,687	52,185	(2,502)
Charges for services	135,951	117,085	(18,866)
Investment earnings	-	17,682	17,682
Miscellaneous	1,559,000	1,947,970	388,970
Total revenues	<u>2,101,626</u>	<u>2,486,910</u>	<u>385,284</u>
EXPENDITURES			
Current:			
Community services	2,138,175	1,769,703	368,472
General government	442,265	434,136	8,129
Debt Service:			
Principal	-	1,406	(1,406)
Interest	-	28	(28)
Total expenditures	<u>2,580,440</u>	<u>2,205,273</u>	<u>375,167</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(478,814)</u>	<u>281,637</u>	<u>760,451</u>
OTHER FINANCING SOURCES			
Appropriated fund balance	<u>478,814</u>	-	<u>(478,814)</u>
Total other financing sources	<u>478,814</u>	-	<u>(478,814)</u>
Net change in fund balance	<u>\$ -</u>	281,637	<u>\$ 281,637</u>
FUND BALANCE			
Beginning balance		805,404	
Ending balance		<u>\$ 1,087,041</u>	

ORANGE COUNTY, NORTH CAROLINA

SPAY/NEUTER FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Unrestricted intergovernmental	\$ 20,000	\$ 10,480	\$ (9,520)
Restricted intergovernmental	25,000	22,505	(2,495)
Investment earnings	350	170	(180)
Miscellaneous	8,000	6,336	(1,664)
Total revenues	<u>53,350</u>	<u>39,491</u>	<u>(13,859)</u>
EXPENDITURES			
Current:			
Community services:			
Animal shelter	<u>78,488</u>	<u>54,716</u>	<u>23,772</u>
Total expenditures	<u>78,488</u>	<u>54,716</u>	<u>23,772</u>
Deficiency of revenues under expenditures	<u>(25,138)</u>	<u>(15,225)</u>	<u>9,913</u>
OTHER FINANCING SOURCES			
Appropriated fund balance	<u>25,138</u>	-	<u>(25,138)</u>
Other financing sources	<u>25,138</u>	-	<u>(25,138)</u>
Net change in fund balance	<u>\$ -</u>	<u>(15,225)</u>	<u>\$ (15,225)</u>
FUND BALANCE			
Beginning balance		<u>12,620</u>	
Ending balance		<u>\$ (2,605)</u>	

ORANGE COUNTY, NORTH CAROLINA

DSS CLIENT SERVICES FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	Project Authorization	Actual		Total	Variance Positive (Negative)
		Prior Year	Current Year		
REVENUES					
Charges for services	23,346	\$ 23,346	\$ -	\$ 23,346	\$ -
Restricted intergovernmental	1,240,221	1,447,341	-	1,447,341	207,120
Investment earnings	29,221	22,867	13,352	36,219	6,998
Miscellaneous	577,941	445,604	13,853	459,457	(118,484)
Total revenues	<u>1,870,729</u>	<u>1,939,158</u>	<u>27,205</u>	<u>1,966,363</u>	<u>95,634</u>
EXPENDITURES					
Current:					
Human services:					
Adoption enhancement	<u>2,040,407</u>	<u>1,237,176</u>	<u>151,448</u>	<u>1,388,624</u>	<u>651,783</u>
Excess (deficiency) of revenues over (under) expenditures	(169,678)	701,982	(124,243)	577,739	747,417
OTHER FINANCING SOURCES					
Transfers from other funds	<u>169,678</u>	<u>76,945</u>	<u>9,541</u>	<u>86,486</u>	<u>(83,192)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 778,927</u>	<u>(114,702)</u>	<u>\$ 664,225</u>	<u>\$ 664,225</u>
FUND BALANCE					
Beginning balance			778,927		
Ending balance			<u>\$ 664,225</u>		

ORANGE COUNTY, NORTH CAROLINA

RECREATION SUBDIVISION FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Investment earnings	\$ -	\$ 11,367	\$ 11,367
Miscellaneous	10,500	12,219	1,719
Total revenues	<u>10,500</u>	<u>23,586</u>	<u>13,086</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	10,500	23,586	13,086
OTHER FINANCING USES			
Transfers to other funds	<u>(10,500)</u>	<u>-</u>	<u>10,500</u>
Net change in fund balance	<u>\$ -</u>	<u>23,586</u>	<u>\$ 23,586</u>
FUND BALANCE			
Beginning balance		<u>580,829</u>	
Ending balance		<u>\$ 604,415</u>	

ORANGE COUNTY, NORTH CAROLINA

SMALL BUSINESS LOANS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Sales tax	\$ -	\$ -	\$ -
Restricted intergovernmental	279,583	-	(279,583)
Investment earnings	-	4,000	4,000
Total revenues	<u>279,583</u>	<u>4,000</u>	<u>(275,583)</u>
EXPENDITURES			
Current:			
Community services	<u>279,583</u>	<u>1,610</u>	<u>277,973</u>
Net change in fund balance	<u>\$ -</u>	<u>2,390</u>	<u>\$ 2,390</u>
FUND BALANCE			
Beginning balance		<u>402,944</u>	
Ending balance		<u>\$ 405,334</u>	

ORANGE COUNTY, NORTH CAROLINA

LIBRARY DEVELOPMENT FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Investment earnings	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES			
Current:			
Community services	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>-</u>	<u><u>\$ -</u></u>
FUND BALANCE			
Beginning balance		<u>91,320</u>	
Ending balance		<u><u>\$ 91,320</u></u>	

ORANGE COUNTY, NORTH CAROLINA

MENTAL HEALTH INSURANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Investment earnings	\$ 12,454	\$ 7,818	\$ (4,636)
EXPENDITURES			
Current:			
Human services	12,454	10,823	1,631
Net change in fund balance	<u>\$ -</u>	(3,005)	<u>\$ (3,005)</u>
FUND BALANCE			
Beginning balance		411,223	
Ending balance		<u>\$ 408,218</u>	

ORANGE COUNTY, NORTH CAROLINA

REPRESENTATIVE PAYEE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Miscellaneous	\$ 260,000	\$ -	\$ (260,000)
EXPENDITURES			
Current:			
Human services	260,000	-	260,000
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE			
Beginning balance		103,037	
Ending balance		<u>\$ 103,037</u>	

ORANGE COUNTY, NORTH CAROLINA

COMMUNICATION TOWER TRUST FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Investment earnings	\$ -	\$ 70	\$ 70
License and permits	22,500	16,800	(5,700)
Total revenues	<u>22,500</u>	<u>16,870</u>	<u>(5,630)</u>
EXPENDITURES			
Current:			
Community services	<u>22,500</u>	<u>21,501</u>	<u>999</u>
Net change in fund balance	<u>\$ -</u>	<u>(4,631)</u>	<u>\$ (4,631)</u>
FUND BALANCE			
Beginning balance		<u>9,423</u>	
Ending balance		<u>\$ 4,792</u>	

ORANGE COUNTY, NORTH CAROLINA

SCHOOL DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property taxes	\$ 25,691,512	\$ 25,545,354	\$ (146,158)
EXPENDITURES			
Current:			
Education	<u>25,691,512</u>	<u>25,545,354</u>	<u>146,158</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE			
Beginning balance		-	
Ending balance		<u>\$ -</u>	

ORANGE COUNTY, NORTH CAROLINA

ORANGE COUNTY GIVING FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Miscellaneous	\$ 90,000	\$ -	\$ (90,000)
EXPENDITURES			
Current:			
General government	90,000	-	90,000
Total expenditures	<u>90,000</u>	<u>-</u>	<u>90,000</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE			
Beginning balance		32,013	
Ending balance		<u>\$ 32,013</u>	

ORANGE COUNTY, NORTH CAROLINA

OPIOID SETTLEMENT FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Restricted intergovernmental	\$ 881,554	\$ 620,309	\$ (261,245)
EXPENDITURES			
Current:			
Public safety	179,362	-	179,362
Public health	256,388	-	256,388
Total expenditures	<u>435,750</u>	<u>-</u>	<u>435,750</u>
Excess of revenues over expenditures	445,804	620,309	(696,995)
OTHER FINANCING USES			
Fund balance to reserves	<u>(445,804)</u>	<u>-</u>	<u>445,804</u>
Net change in fund balance	<u>\$ -</u>	620,309	<u>\$ (251,191)</u>
FUND BALANCE			
Beginning balance		261,245	
Ending balance		<u>\$ 881,554</u>	

ORANGE COUNTY, NORTH CAROLINA

DENTAL AND HEALTH INSURANCE FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING
SOURCES (USES) - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 20, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Charges for services	\$ 12,602,903	\$ 12,499,365	\$ (103,538)
Investment earnings	-	13,597	13,597
Total revenues	<u>12,602,903</u>	<u>12,512,962</u>	<u>(89,941)</u>
EXPENDITURES			
Operations	15,463,952	15,185,407	278,545
General and administrative	106,176	94,692	11,484
Total expenditures	<u>15,570,128</u>	<u>15,280,099</u>	<u>290,029</u>
Deficiency of revenues under expenditures	(2,967,225)	(2,767,137)	200,088
OTHER FINANCING SOURCES			
Transfers from other funds	2,792,225	2,792,225	-
Appropriated fund balance	175,000	-	(175,000)
Other financing sources	<u>2,967,225</u>	<u>2,792,225</u>	<u>(175,000)</u>
Excess of revenues and other financing sources over expenditures	<u>\$ -</u>	25,088	<u>\$ 25,088</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Increase in claims payable		(704,093)	
Change in net position - GAAP Basis		<u>\$ (679,005)</u>	

ORANGE COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2023**

	Cooperative Extension 4-H Fund	American Stone No Fault Well Repair Fund	Jail Inmate Pay Fund	Crop Loan Fund	Total Custodial Funds
ASSETS					
Cash and investments	\$ 80,205	\$ 111,720	\$ 21,606	\$ 37,498	\$ 251,029
Total assets	<u>80,205</u>	<u>111,720</u>	<u>21,606</u>	<u>37,498</u>	<u>251,029</u>
LIABILITIES					
Accounts payable	1,042	-	-	37,498	38,540
Accrued liabilities	<u>42,103</u>	<u>-</u>	<u>11,401</u>	<u>-</u>	<u>53,504</u>
Total liabilities	<u>43,145</u>	<u>-</u>	<u>11,401</u>	<u>37,498</u>	<u>92,044</u>
NET POSITION					
Restricted for:					
Individuals, organizations and other governments	<u>37,060</u>	<u>111,720</u>	<u>10,205</u>	<u>-</u>	<u>158,985</u>
Total net position	<u>\$ 37,060</u>	<u>\$ 111,720</u>	<u>\$ 10,205</u>	<u>\$ -</u>	<u>\$ 158,985</u>

ORANGE COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION CUSTODIAL FUNDS FOR THE YEAR ENDED JUNE 30, 2023

	<u>Cooperative Extension 4-H Fund</u>	<u>American Stone No Fault Well Repair Fund</u>	<u>Jail Inmate Pay Fund</u>	<u>Crop Loan Fund</u>	<u>Total Custodial Funds</u>
ADDITIONS					
Charges for services	\$ 3,090	\$ 15,000	\$ -	\$ -	\$ 18,090
Collections on behalf of inmates	-	-	297,476	-	297,476
Donations	32,001	-	-	-	32,001
Payments from Orange County	-	-	-	1,544	1,544
Investment earnings	1,375	2,187	-	-	3,562
Total additions	<u>36,466</u>	<u>17,187</u>	<u>297,476</u>	<u>1,544</u>	<u>352,673</u>
DEDUCTIONS					
Water improvements	-	59,949	-	-	59,949
Payments on behalf of inmates	-	-	304,839	-	304,839
Crop loans	-	-	-	37,498	37,498
Culture and recreation	16,335	-	-	-	16,335
Total deductions	<u>16,335</u>	<u>59,949</u>	<u>304,839</u>	<u>37,498</u>	<u>418,621</u>
Net change in fiduciary net position	<u>20,131</u>	<u>(42,762)</u>	<u>(7,363)</u>	<u>(35,954)</u>	<u>(65,948)</u>
NET POSITION					
Beginning balance, as previously reported	<u>16,929</u>	<u>154,482</u>	<u>17,568</u>	<u>35,954</u>	<u>224,933</u>
Ending balance	<u>\$ 37,060</u>	<u>\$ 111,720</u>	<u>\$ 10,205</u>	<u>\$ -</u>	<u>\$ 158,985</u>

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

JUNE 30, 2023

Fiscal Year	Uncollected Balance July 1, 2022	Additions	Collections and Credits	Uncollected Balance June 30, 2023
2022-2023	\$ -	\$ 186,464,351	\$ 185,261,931	\$ 1,202,420
2021-2022	1,428,784	-	952,893	475,891
2020-2021	558,294	-	227,567	330,727
2019-2020	448,901	-	130,837	318,064
2018-2019	290,263	-	101,682	188,581
2017-2018	183,817	-	61,523	122,294
2016-2017	117,250	-	48,894	68,356
2015-2016	82,161	-	33,278	48,883
All-prior	1,354,650	-	14,829	1,339,821
	<u>\$ 4,464,120</u>	<u>\$ 186,464,351</u>	<u>\$ 186,833,434</u>	<u>4,095,037</u>
				Less: allowance for uncollectible accounts - General Fund
				<u>(2,011,950)</u>
				Ad valorem taxes receivable - net
				<u>\$ 2,083,087</u>
				<u>Reconciliation to revenues:</u>
				Ad valorem taxes - General Fund
				\$ 186,739,071
				Reconciling items:
				Interest and penalties
				704,766
				Miscellaneous adjustments
				<u>(610,403)</u>
				Total collections and credits
				<u>\$ 186,833,434</u>

ORANGE COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY COUNTY-WIDE LEVY FOR THE YEAR ENDED JUNE 30, 2023

	County-wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Original levy:				
Property taxed at current rate	\$ 22,421,502,647	0.8310	\$ 186,367,530	\$ 173,858,002	\$ 12,509,528
Late listing penalties	-		88,874	88,874	-
Lien advertisement	-		7,947	7,947	-
Total	22,421,502,647		186,464,351	173,954,823	12,509,528
Releases	-	0.8190	-	-	-
Total property valuation	\$ 22,421,502,647				
Net levy			186,464,351	173,954,823	12,509,528
Uncollected taxes at June 30, 2022			(1,202,420)	(1,202,420)	-
Current year's taxes collected			\$ 185,261,931	\$ 172,752,403	\$ 12,509,528
Current levy collection percentage			99.36%	99.31%	100.00%

STATISTICAL SECTION

This section of the County's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the County's most significant local revenue source, the ad valorem or property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the County's annual comprehensive financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the County's annual comprehensive financial reports for the relevant year.

ORANGE COUNTY, NORTH CAROLINA

Net Position By Component Last Ten Fiscal Years

	2023	2022	2021	(1) (Restated) 2020
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 68,828,030	\$ 64,787,858	\$ 36,420,704	\$ 32,355,004
Restricted for:				
Stabilization by State statute	23,530,505	21,373,361	15,881,733	17,838,399
Various other programs	10,022,351	6,871,946	5,931,817	47,732,061
Unrestricted	(247,859,007)	(255,080,848)	(240,453,014)	(249,861,109)
Total governmental activities net position	<u>\$ (145,478,121)</u>	<u>\$ (162,047,683)</u>	<u>\$ (182,218,760)</u>	<u>\$ (151,935,645)</u>
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 10,017,187	\$ 9,728,045	\$ 7,740,664	\$ 7,331,915
Unrestricted	10,344,007	7,989,721	6,994,389	9,857,968
Total business-type activities net position	<u>\$ 20,361,194</u>	<u>\$ 17,717,766</u>	<u>\$ 14,735,053</u>	<u>\$ 17,189,883</u>
TOTAL - PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 78,845,217	\$ 74,515,903	\$ 44,161,368	\$ 39,686,919
Restricted for:				
Stabilization by State statute	23,530,505	21,373,361	15,881,733	17,838,399
Various other programs	10,022,351	6,871,946	5,931,817	47,732,061
Unrestricted	(237,515,000)	(247,091,127)	(233,458,625)	(240,003,141)
Total primary government net position	<u>\$ (125,116,927)</u>	<u>\$ (144,329,917)</u>	<u>\$ (167,483,707)</u>	<u>\$ (134,745,762)</u>

Notes to the Schedule:

In accordance with North Carolina law, total liabilities of the County include approximately \$99 million in long-term debt associated with assets belonging to the Orange County Board of Education and the Chapel Hill-Carrboro Board of Education. These assets are not reflected in the County's financial statements thereby creating the deficit balance in total net position.

(1) - Governmental activities were restated for the implementation of GASB Statement No. 84 and business-type activities were restated for the correction of an error.

Table 1

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 29,752,938	\$ 30,229,146	\$ 29,924,257	\$ 23,190,053	\$ 42,946,587	\$ 21,308,363
16,392,707	14,222,179	12,264,244	13,693,038	12,845,946	15,617,944
67,909,157	37,517,431	17,264,973	23,225,509	4,493,650	4,287,300
(212,549,798)	(155,693,774)	(133,115,016)	(79,859,843)	(94,888,828)	(91,105,688)
<u>\$ (98,494,996)</u>	<u>\$ (73,725,018)</u>	<u>\$ (73,661,542)</u>	<u>\$ (19,751,243)</u>	<u>\$ (34,602,645)</u>	<u>\$ (49,892,081)</u>
\$ 9,391,992	\$ 10,361,313	\$ 6,883,243	\$ 7,462,618	\$ 7,327,120	\$ 8,478,262
7,007,056	6,165,732	5,058,871	3,322,472	2,539,292	2,563,784
<u>\$ 16,399,048</u>	<u>\$ 16,527,045</u>	<u>\$ 11,942,114</u>	<u>\$ 10,785,090</u>	<u>\$ 9,866,412</u>	<u>\$ 11,042,046</u>
\$ 39,144,930	\$ 40,590,459	\$ 36,807,500	\$ 30,652,671	\$ 50,273,707	\$ 29,786,625
16,392,707	14,222,179	12,264,244	13,693,038	12,845,946	15,617,944
67,909,157	37,517,431	17,264,973	23,225,509	4,493,650	4,287,300
(205,542,742)	(149,528,042)	(128,056,145)	(76,537,371)	(92,349,536)	(88,541,904)
<u>\$ (82,095,948)</u>	<u>\$ (57,197,973)</u>	<u>\$ (61,719,428)</u>	<u>\$ (8,966,153)</u>	<u>\$ (24,736,233)</u>	<u>\$ (38,850,035)</u>

ORANGE COUNTY, NORTH CAROLINA

Changes in Net Position Last Ten Fiscal Years

	2023	2022	(2) 2021	2020
EXPENSES				
<i>Governmental activities:</i>				
Governing and management	N/A	N/A	N/A	N/A
General services	N/A	N/A	N/A	N/A
Community and environment	N/A	N/A	N/A	N/A
Cultural and recreational	N/A	N/A	N/A	N/A
Community services	\$ 20,734,639	\$ 18,018,607	\$ 14,484,271	\$ 16,617,090
General Government	25,398,164	15,219,514	22,774,275	20,030,815
Public safety	45,887,225	41,248,675	41,376,196	36,883,247
Human services	58,984,570	57,651,056	56,271,330	48,406,126
Education	144,538,477	132,090,386	155,464,500	156,765,760
Support services	17,145,499	19,873,747	16,301,136	19,391,577
Interest on long-term debt	8,728,060	9,301,115	14,275,755	7,641,254
Total expenses - governmental activities	321,416,634	293,403,100	320,947,463	305,735,869
<i>Business-Type activities:</i>				
Landfill	9,651,419	10,272,510	11,222,179	10,820,274
SportsPlex	4,260,509	4,067,041	3,204,250	3,105,279
Efland Sewer (1)	-	-	470	87,564
Total expenses - business-type activities	13,911,928	14,339,551	14,426,899	14,013,117
Total expenses - primary government	335,328,562	307,742,651	335,374,362	319,748,986
REVENUES				
<i>Governmental activities:</i>				
Program revenues:				
Charges for services	15,220,028	14,984,721	12,647,084	15,099,534
Operating grants and contributions	34,103,111	31,355,542	31,345,445	28,714,814
Capital grants and contributions	-	1,129,817	454,718	1,256,036
General revenues:				
Property taxes	221,142,931	213,946,408	201,379,367	171,493,308
Other taxes	51,254,512	44,737,788	37,498,124	33,073,561
Other revenues	15,147,692	9,261,726	6,894,256	2,130,474
Total revenues - governmental activities	336,868,274	315,416,002	290,218,994	251,767,727
<i>Business-type activities:</i>				
Program revenues:				
Charges for services	15,771,149	15,173,330	13,764,050	14,077,939
Operating grants and contributions	-	9,787	6,319	3,681
Capital grants and contributions	-	-	-	164,560
General revenues:				
Other revenues	784,207	701,197	344,748	-
Special item (1)	-	-	(1,697,694)	-
Total revenues - business-type activities	16,555,356	15,884,314	12,417,423	14,246,180
Total revenues - primary government	353,423,630	331,300,316	302,636,417	266,013,907

2019	2018	2017	2016	2015	2014
N/A	N/A	N/A	N/A	\$ 19,289,101	\$ 26,361,842
N/A	N/A	N/A	N/A	9,178,467	7,867,632
N/A	N/A	N/A	N/A	13,773,024	11,552,941
N/A	N/A	N/A	N/A	2,486,556	2,354,533
\$ 15,902,720	\$ 15,223,280	\$ 14,528,306	\$ 11,798,260	N/A	N/A
15,382,288	16,685,804	17,268,682	22,439,461	N/A	N/A
33,718,408	32,247,386	29,634,987	28,476,942	27,613,011	25,479,585
44,580,536	43,371,252	45,058,561	45,512,630	38,142,905	36,755,137
132,364,089	106,689,649	97,196,824	86,255,010	84,862,221	81,732,135
19,455,503	12,733,446	14,579,007	11,344,246	N/A	N/A
6,954,179	5,707,204	3,311,756	3,933,332	4,782,894	5,567,955
<u>268,357,723</u>	<u>232,658,021</u>	<u>221,578,123</u>	<u>209,759,881</u>	<u>200,128,179</u>	<u>197,671,760</u>
10,783,737	9,566,421	10,197,990	9,812,564	11,037,061	11,463,642
3,739,404	3,608,084	3,354,734	3,420,624	3,215,365	3,135,791
327,665	443,049	399,818	430,846	243,993	284,773
<u>14,850,806</u>	<u>13,617,554</u>	<u>13,952,542</u>	<u>13,664,034</u>	<u>14,496,419</u>	<u>14,884,206</u>
<u>283,208,529</u>	<u>246,275,575</u>	<u>235,530,665</u>	<u>223,423,915</u>	<u>214,624,598</u>	<u>212,555,966</u>
15,827,035	15,719,203	16,424,044	15,778,566	15,698,925	14,100,487
24,223,044	24,212,789	26,044,125	26,418,629	26,224,918	26,259,362
1,157,514	1,620,344	1,000,233	1,059,278	1,112,971	1,656,217
165,411,715	160,185,898	155,565,259	153,059,233	149,605,562	148,940,579
33,541,804	32,377,997	29,522,796	27,712,231	26,378,822	22,924,419
3,553,143	218,178	618,793	267,113	25,268	29,414
<u>243,714,255</u>	<u>234,334,409</u>	<u>229,175,250</u>	<u>224,295,050</u>	<u>219,046,466</u>	<u>213,910,478</u>
14,259,849	13,482,011	11,861,307	11,719,530	8,496,708	8,708,132
30,570	200,448	-	-	1,192,897	274,429
305,882	138,915	261,713	162,555	2,328	2,969
-	-	-	-	-	-
-	-	-	-	-	-
<u>14,596,301</u>	<u>13,821,374</u>	<u>12,123,020</u>	<u>11,882,085</u>	<u>9,691,933</u>	<u>8,985,530</u>
<u>258,310,556</u>	<u>248,155,783</u>	<u>241,298,270</u>	<u>236,177,135</u>	<u>228,738,399</u>	<u>222,896,008</u>

ORANGE COUNTY, NORTH CAROLINA

Changes in Net Position Last Ten Fiscal Years

	2023	2022	(2) 2021	2020
TRANSFERS				
Governmental activities	\$ -	\$ (790,000)	\$ 445,354	\$ (2,293)
Business-type activities	-	790,000	(445,354)	2,293
NET CHANGE IN NET POSITION				
Governmental activities	15,451,640	21,222,902	(30,283,115)	(53,970,435)
Business-type activities	2,643,428	2,334,763	(2,454,830)	235,356
NET POSITION				
Beginning balances, as previously reported	(144,329,917)	(167,483,707)	(135,831,027)	(82,095,948)
Prior period adjustments	1,117,922	(403,875)	1,085,265	-
Beginning balances, as restated	(143,211,995)	(167,887,582)	(134,745,762)	(82,095,948)
Ending balances	<u>\$ (125,116,927)</u>	<u>\$ (144,329,917)</u>	<u>\$ (167,483,707)</u>	<u>\$ (135,831,027)</u>

Notes to the Schedule:

N/A - Orange County changed to Functional Leadership Teams in FY 2015-16.

(1) - Special item includes the conveyance of the Efland Sewer system to the City of Mebane, North Carolina.

(2) - See note (1) on Table 1.

2019	2018	2017	2016	2015	2014
\$ (126,510)	\$ (1,739,866)	\$ (1,568,349)	\$ (1,834,548)	\$ (2,376,743)	\$ (2,730,996)
126,510	1,739,866	1,568,349	1,834,548	2,376,743	2,730,996
(24,769,978)	(63,478)	6,028,778	12,700,621	16,541,544	13,507,722
(127,995)	1,943,686	(261,173)	(415,014)	(2,427,743)	(3,167,680)
(57,197,975)	(4,372,786)	(8,966,153)	(24,736,234)	(34,249,723)	(44,589,765)
-	(54,705,397)	(1,174,238)	3,484,474	(4,600,312)	-
(57,197,975)	(59,078,183)	(10,140,391)	(21,251,760)	(38,850,035)	(44,589,765)
<u>\$ (82,095,948)</u>	<u>\$ (57,197,975)</u>	<u>\$ (4,372,786)</u>	<u>\$ (8,966,153)</u>	<u>\$ (24,736,234)</u>	<u>\$ (34,249,723)</u>

ORANGE COUNTY, NORTH CAROLINA

Fund Balances - Governmental Funds Last Ten Fiscal Years

	2023	2022	2021	2020
GENERAL FUND				
Non-spendable:				
Prepaid items	\$ -	\$ -	\$ 579,291	\$ 300,192
Inventories	11,804	73,171	9,645	9,645
Other	34,817	5,543	10,818	136,000
Restricted for:				
Stabilization for State statute	21,845,304	20,244,134	14,858,782	16,205,850
Committed:				
Health Benefits	8,293,841	7,543,841	7,543,841	7,543,841
General services	-	-	-	-
Assigned:				
Subsequent year expenditures	7,000,000	14,608,880	14,757,382	8,268,603
Unassigned	43,222,499	38,870,823	38,357,267	35,479,220
Total General Fund	80,408,265	81,346,392	76,117,026	67,943,351
ALL OTHER GOVERNMENTAL FUNDS (1)				
Non-spendable:				
Notes receivable	166,141	1,250,517	1,332,130	-
Restricted for:				
Stabilization for State Statute	1,685,201	1,129,227	1,022,951	1,632,549
Education	25,532,325	28,765,551	16,587,053	43,324,451
Human services	4,174,296	2,688,612	2,224,961	165,940
Public safety	2,647,162	2,300,661	2,503,052	2,871,984
Community services	3,058,774	1,684,160	955,701	1,148,324
Community and environment	-	-	-	-
Capital projects	51,970,719	56,911,631	27,099,316	45,206,350
Committed				
Human services	664,225	778,927	756,432	169,777
Education	3,236,244	4,099,582	2,933,874	1,140,095
Debt service (1)	6,746,061	-	-	-
Community services	-	-	-	2,710,240
Governing and management	N/A	N/A	N/A	N/A
Assigned:				
Human services	-	134,125	95,080	3,396,354
Community services	-	-	-	44,724
Community and environment	N/A	N/A	N/A	N/A
General services	N/A	N/A	N/A	N/A
Education	-	-	-	-
Capital projects	2,038,746	-	134,023	134,004
Unassigned	(747,785)	(1,383,455)	(3,367,130)	(722,240)
Total All Other Government Funds	101,172,109	98,359,538	52,277,443	101,222,552
Total Government Funds	\$ 181,580,374	\$ 179,705,930	\$ 128,394,469	\$ 169,165,903

Notes to the Schedule:

N/A - Orange County changed to Functional Leadership Teams in FY 2015-16.

(1) - The County created a Debt Service Fund in FY 2023 and General Fund transfers created the debt service reserve.

Table 3

2019	2018	2017	2016	2015	2014
\$ 3,001	\$ 3,001	\$ 3,001	\$ 3,001	\$ -	\$ -
12,428	16,973	7,329	13,668	20,306	29,242
136,000	136,000	136,000	-	-	-
15,007,391	12,576,115	10,739,850	12,151,274	11,255,821	12,102,492
7,543,841	7,543,841	7,543,841	7,543,841	-	-
-	-	-	-	7,543,841	6,001,641
7,808,006	8,820,099	9,769,060	13,880,592	10,650,770	10,068,343
35,697,519	34,439,230	34,527,855	30,873,811	35,548,843	33,913,229
<u>66,208,186</u>	<u>63,535,259</u>	<u>62,726,936</u>	<u>64,466,187</u>	<u>65,019,581</u>	<u>62,114,947</u>
-	-	-	-	-	-
1,385,316	1,646,064	1,524,394	1,541,764	1,590,125	3,515,452
63,291,434	26,763,497	4,330,808	10,266,810	6,444,383	8,454,406
252,328	2,668,966	2,748,663	2,533,694	N/A	N/A
2,774,848	2,755,925	2,017,706	1,590,761	2,402,687	1,539,413
1,279,385	3,716,198	3,419,193	3,160,345	N/A	N/A
-	-	-	-	2,297,379	2,747,887
19,695,260	25,144,847	28,485,737	23,780,620	N/A	N/A
143,902	125,878	81,079	35,122	788,612	659,102
1,140,095	-	-	-	113,388	113,371
-	-	-	-	-	-
1,928,742	-	-	-	N/A	N/A
N/A	N/A	N/A	N/A	32,494	32,488
2,724,748	166,439	141,597	228,063	N/A	N/A
50,448	64,006	62,771	67,294	N/A	N/A
N/A	N/A	N/A	N/A	1,363,560	1,075,872
N/A	N/A	N/A	N/A	72,133	9,154
-	-	-	-	4,341,861	2,701,717
4,569,498	148,396	146,913	146,144	-	-
-	-	-	-	(276,297)	(2,695,073)
<u>99,236,004</u>	<u>63,200,216</u>	<u>42,958,861</u>	<u>43,350,617</u>	<u>19,170,325</u>	<u>18,153,789</u>
<u>\$ 165,444,190</u>	<u>\$ 126,735,475</u>	<u>\$ 105,685,797</u>	<u>\$ 107,816,804</u>	<u>\$ 84,189,906</u>	<u>\$ 80,268,736</u>

ORANGE COUNTY, NORTH CAROLINA

Changes in Fund Balances - Governmental Funds Last Ten Fiscal Years

	2023	2022	(1) 2021	2020
REVENUES				
Property taxes	\$ 221,545,909	\$ 213,925,307	\$ 201,160,334	\$ 171,125,831
Other taxes	51,254,512	43,075,944	36,530,714	33,073,561
Intergovernmental revenues	41,429,318	38,037,018	37,665,928	28,132,049
Charges for services	14,979,933	14,698,427	12,355,060	12,335,681
Investment earnings	5,032,160	231,204	292,024	2,103,470
Other revenues	3,027,909	5,094,731	2,685,552	3,596,504
Total revenues	337,269,741	315,062,631	290,689,612	250,367,096
EXPENDITURES				
Current:				
Governing and management	N/A	N/A	N/A	N/A
General services	N/A	N/A	N/A	N/A
Community and environment	N/A	N/A	N/A	N/A
Cultural and recreational	N/A	N/A	N/A	N/A
Community services	19,395,402	16,244,058	14,049,012	15,585,690
General government	14,020,145	11,330,701	15,426,594	10,170,359
Public safety	42,262,631	36,226,038	39,118,307	34,041,147
Human services	55,255,877	53,559,345	55,152,414	45,950,432
Education	144,538,477	131,985,386	155,464,500	151,003,467
Support services	12,862,406	12,578,233	12,535,964	15,178,951
Capital outlay	18,063,762	14,940,246	26,148,205	24,745,320
Debt Service:				
Principal	31,869,264	32,887,437	23,777,135	22,239,544
Interest and other charges	10,764,716	11,401,340	12,092,055	10,024,425
Total expenditures	349,032,680	321,152,784	353,764,186	328,939,335
Revenues over (under) expenditures	(11,762,939)	(6,090,153)	(63,074,574)	(78,572,239)
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	15,865,109	56,474,149	22,525,555	88,616,970
Premiums on long-term debt issued	-	1,621,526	3,472,402	7,291,635
Payments to escrow agent - refunding	-	-	(7,136,379)	(14,549,364)
Proceeds from sale of capital assets	564,499	95,939	1,422	27,004
Transfers from other funds	59,785,762	8,882,396	16,659,872	17,613,046
Transfers to other funds	(62,577,987)	(9,672,396)	(13,749,518)	(16,705,339)
Other financing sources (uses), net	13,637,383	57,401,614	21,773,354	82,293,952
Net change in fund balances	\$ 1,874,444	\$ 51,311,461	\$ (41,301,220)	\$ 3,721,713
Debt service as a percentage of non-capital expenditures	12.73%	14.32%	10.95%	10.41%

Notes to the Schedule:

N/A - Orange County changed to Functional Leadership Teams in FY 2015-16.

Table 4

2019	2018	2017	2016	2015	2014
\$ 165,291,673	\$ 160,164,100	\$ 155,630,633	\$ 153,539,268	\$ 150,938,119	\$ 149,384,079
33,541,804	31,012,534	29,522,796	27,712,231	26,378,822	22,924,419
25,116,465	25,618,064	26,454,930	27,002,678	27,337,889	27,212,924
12,946,473	12,974,619	12,015,197	10,787,145	12,620,908	10,998,366
3,553,143	1,392,733	618,793	267,113	25,155	29,301
3,144,655	2,974,653	5,013,275	5,412,883	4,653,526	3,106,135
<u>243,594,213</u>	<u>234,136,703</u>	<u>229,255,624</u>	<u>224,721,318</u>	<u>221,954,419</u>	<u>213,655,224</u>
N/A	N/A	N/A	N/A	13,050,437	13,027,305
N/A	N/A	N/A	N/A	8,823,950	7,793,954
N/A	N/A	N/A	N/A	13,612,192	12,915,703
N/A	N/A	N/A	N/A	2,647,079	2,395,681
15,298,049	14,659,707	14,186,060	11,980,673	N/A	N/A
9,898,414	9,692,463	8,209,934	9,369,732	N/A	N/A
31,710,007	30,746,216	29,093,813	28,396,838	26,634,573	25,678,516
43,665,611	43,022,683	44,427,224	46,194,177	37,584,165	36,235,780
127,320,635	98,899,949	97,196,824	86,255,010	78,548,393	71,212,992
12,626,572	12,974,342	13,929,639	11,661,104	N/A	N/A
14,141,956	12,375,007	5,538,992	7,580,903	13,030,640	20,928,560
21,929,818	21,164,194	19,830,716	20,049,781	19,344,248	18,803,953
9,300,600	7,373,100	6,854,627	6,867,259	8,369,842	6,680,919
<u>285,891,662</u>	<u>250,907,661</u>	<u>239,267,829</u>	<u>228,355,477</u>	<u>221,645,519</u>	<u>215,673,363</u>
<u>(42,297,449)</u>	<u>(16,770,958)</u>	<u>(10,012,205)</u>	<u>(3,634,159)</u>	<u>308,900</u>	<u>(2,018,139)</u>
77,160,000	62,125,757	9,354,561	6,655,158	33,084,778	18,549,081
6,586,231	7,865,143	-	-	-	-
-	(30,091,068)	-	-	(17,972,035)	-
12,963	190,910	95,016	32,167	-	-
5,964,008	8,228,700	9,706,368	8,280,750	6,756,556	8,036,336
<u>(8,717,038)</u>	<u>(10,498,836)</u>	<u>(11,274,717)</u>	<u>(10,115,298)</u>	<u>(9,133,299)</u>	<u>(10,806,204)</u>
<u>81,006,164</u>	<u>37,820,606</u>	<u>7,881,228</u>	<u>4,852,777</u>	<u>12,736,000</u>	<u>15,779,213</u>
<u>\$ 38,708,715</u>	<u>\$ 21,049,648</u>	<u>\$ (2,130,977)</u>	<u>\$ 1,218,618</u>	<u>\$ 13,044,900</u>	<u>\$ 13,761,074</u>
<u>11.28%</u>	<u>11.52%</u>	<u>11.33%</u>	<u>11.79%</u>	<u>12.70%</u>	<u>12.05%</u>

ORANGE COUNTY, NORTH CAROLINA

Assessed Values and Actual Values of Taxable Property Last Ten Fiscal Years

Fiscal Year		Real Property	Personal Property	Public Service Companies	Less: Tax-Exempt Property
2014	(1)	\$ 14,734,501,833	\$ 1,724,462,428	\$ 239,923,242	\$ 66,527,135
2015		14,863,350,430	1,461,891,252	244,191,811	67,500,359
2016		15,020,157,254	1,442,897,338	382,744,805	67,617,005
2017		15,168,750,327	1,620,578,558	306,434,830	71,244,631
2018		16,385,248,774	1,711,150,366	315,583,138	81,081,408
2019		16,603,198,106	1,821,061,820	337,735,426	80,381,765
2020		16,974,899,491	1,726,673,593	337,564,917	82,646,419
2021		17,333,962,055	1,769,659,485	346,332,873	77,934,293
2022		19,776,883,656	1,884,947,740	364,879,155	82,177,022
2023		20,915,506,497	1,504,996,150	386,793,191	81,256,223

Notes to the Schedule:

Source: Annual County Report of Valuation and Property Tax Levies

The 2022 Assessed Value as a Percentage of Actual Value ratio is reflective of the revaluation which represents a better estimate of the sales ratio.

(1) - Assessed value of personal property includes an additional three months valuation

Table 5

Net Assessed Value	Total Direct Tax Rate	Estimated Actual Market Value	Assessed Value as a Percent of Actual Value
\$ 16,632,360,368	0.8580	\$ 19,398,362,762	85.57%
16,501,943,134	0.8780	19,323,118,424	85.40%
16,778,182,392	0.8780	19,676,536,170	85.27%
17,024,519,084	0.8780	19,932,700,016	85.41%
18,330,900,870	0.8377	19,247,060,972	95.24%
18,681,613,587	0.8504	20,299,482,328	92.03%
18,956,491,582	0.8679	21,116,733,410	89.77%
19,449,954,413	0.8679	21,885,849,476	88.87%
21,944,533,529	0.8187	22,233,569,938	98.70%
22,421,502,597	0.8312	27,353,303,156	81.97%

ORANGE COUNTY, NORTH CAROLINA

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
County Direct Rates				
Orange County (1)	\$ 0.083120	\$ 0.081870	\$ 0.086790	\$ 0.086790
Total general direct rate	<u>0.083120</u>	<u>0.081870</u>	<u>0.086790</u>	<u>0.086790</u>
Fire Districts (2)	0.094121	0.088733	0.091666	0.090828
Total direct rate	<u>\$ 0.177241</u>	<u>\$ 0.170603</u>	<u>\$ 0.178456</u>	<u>\$ 0.177618</u>
Chapel Hill-Carrboro School District	0.1830	0.1830	0.2018	0.2018
Municipality rates:				
Chapel Hill	0.5220	0.5140	0.5440	0.5440
Carrboro	0.6044	0.6044	0.5944	0.5944
Hillsborough	0.5870	0.5870	0.6200	0.6200
Mebane	0.4700	0.4700	0.4700	0.4700

Notes to the Schedule:

Source: Orange County Tax Assessor Office

- (1) - All County and Municipal tax rates are the direct property tax rate.
- (2) - Most property in the unincorporated areas is subject to one of twelve fire district taxes.
The fire districts' direct rate shown above is a weighted average rate; which is computed using the assessed property values.

Table 6

2019	2018	2017	2016	2015	2014
\$ 0.085040	\$ 0.083770	\$ 0.087800	\$ 0.087800	\$ 0.087800	\$ 0.085800
0.085040	0.083770	0.087800	0.087800	0.087800	0.085800
0.087540	0.071220	0.060300	0.062300	0.059900	0.066300
<u>\$ 0.172580</u>	<u>\$ 0.154990</u>	<u>\$ 0.148100</u>	<u>\$ 0.150100</u>	<u>\$ 0.147700</u>	<u>\$ 0.152100</u>
0.2018	0.2018	0.2084	0.2084	0.2084	0.2084
0.5280	0.5080	0.5240	0.5240	0.5240	0.5140
0.5944	0.5894	0.5894	0.5894	0.5894	0.5894
0.6200	0.6200	0.6800	0.6800	0.6800	0.6800
0.4700	0.4700	0.4900	0.4900	0.4900	0.4700

ORANGE COUNTY, NORTH CAROLINA

Principal Property Tax Payers Current Year and Nine Years Ago

Taxpayer	Type of Business	2023		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Carolina LLC	Public Utility	\$ 188,387,969	1	0.84%
Chapel Hill Foundation Real Estate Holdings Inc	Apartments/Retail	112,650,500	2	0.50%
Mre Propco LP	Industrial	86,510,700	3	0.39%
BIR Chapel Hill LLC	Apartments/Retail	80,124,700	4	0.36%
NR Edge Apartments Property	Apartments/Retail	78,566,982	5	0.35%
Piedmont Electric Membership	Public Utility	70,666,044	6	0.32%
Northwestern Mutual Life Insurance Co	Apartments Rental	68,794,458	7	0.31%
Townhouse Apartments	Apartments Rental	67,581,700	8	0.30%
Industrial Connections & Solutions LLC	Office/Industrial	60,899,638	9	0.27%
State Employees' Credit Union	Bank/Financial	57,475,536	10	0.26%
SMA Greenbridge Development LLC	Residential			
Corium LLC	Office Rental			
ACC GF III Chapel Ridge/Chapel View LLC	Apartments Rental			
Madison University Mall LLC	Retail			
East 54	Office / Retail			
European Center LLC	Hotel			
Granville Towers LLC	Apartments Rental			
Total		<u>\$ 871,658,227</u>		<u>3.90%</u>

2014		
Assessed Valuation	Rank	Percentage of Total Assessed Valuation
\$ 108,266,885	1	0.65%
53,165,596	2	0.32%
38,627,273	4	0.23%
47,524,400	3	0.29%
35,399,116	5	0.21%
35,006,817	6	0.21%
34,144,411	7	0.21%
33,779,800	8	0.20%
27,747,385	9	0.17%
27,327,293	10	0.16%
<u>\$ 440,988,976</u>		<u>2.65%</u>

ORANGE COUNTY, NORTH CAROLINA

Property Tax Levies and Collections Last Ten Fiscal Years

Tax Year	Year Ended June 30	(1) Current Adjusted Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
			Amount	% Collected	
2013	(4) 2014	\$ 142,778,607	\$ 141,033,067	98.78%	\$ 4,698,109 (4)
2014	2015	145,238,432	143,903,487	99.08%	1,253,097
2015	2016	146,967,477	145,747,667	99.17%	1,112,989
2016	2017	149,566,210	148,358,015	99.19%	1,044,531
2017	2018	153,783,722	152,424,863	99.12%	1,115,172
2018	2019	159,101,577	157,743,510	99.14%	967,983
2019	2020	164,884,700	163,403,993	99.10%	805,605
2020	2021	168,893,588	167,481,534	99.16%	853,760
2021	2022	179,742,965	178,314,181	99.21%	952,893
2022	2023	186,464,351	185,261,931	99.36%	-

Notes to the Schedule:

(1) - Tax levy includes special districts.

(2) - NCGS 105 limits collection enforcement to ten years.

(3) - This percent was calculated using the prior years levy receivable and the current year levy. Prior to 2013, the current year levy was the only levy used to calculate.

(4) - Collection and receivable balances for the tax years 2011 through 2013 are aggregated for reporting purposes.

Table 8

<u>Total Collections to Date</u>		<u>(2)</u> <u>Delinquent</u> <u>Taxes</u> <u>Receivable</u>	<u>(3)</u> <u>% of</u> <u>Receivable to</u> <u>Adjusted</u> <u>Tax Levy</u>
<u>Amount</u>	<u>%</u> <u>Collected</u>		
\$ 416,197,844 (4)	99.68%	\$ 1,323,001 (4)	0.32%
145,156,584	99.94%	81,848	0.06%
146,860,656	99.93%	106,821	0.07%
149,402,546	99.89%	163,664	0.11%
153,540,035	99.84%	243,687	0.16%
158,711,493	99.75%	390,084	0.25%
164,209,598	99.59%	675,102	0.41%
168,335,294	99.67%	558,294	0.33%
179,267,074	99.74%	475,891	0.26%
185,261,931	99.36%	1,202,450	0.64%

ORANGE COUNTY, NORTH CAROLINA

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Installment Loans	Leases and SBITAs	State Revolving Loans	Premiums
2014	\$ 77,150,000	\$ 120,189,844	\$ -	\$ 1,663,703	\$ 15,318,561
2015	68,355,000	122,631,057	-	2,679,597	14,118,757
2016	59,280,000	118,995,610	-	2,533,957	9,995,850
2017	50,430,000	117,955,775	-	2,388,317	7,382,845
2018	71,185,000	111,568,633	-	2,242,677	13,049,290
2019	125,740,000	112,389,455	-	2,097,037	16,433,431
2020	131,000,000	160,217,516	-	831,074	20,933,128
2021	124,000,000	160,971,768	-	-	24,937,791
2022	128,250,000	182,965,071	9,311,654	-	24,760,929
2023	116,815,000	181,052,505	6,654,904	-	22,304,552

Notes to the Schedule:

(1) - All outstanding debt is backed by the full faith, credit and taxing power of the County.

(2) - See Table 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Table 9

Business-Type Activities		(1)	(2)	Percentage of	
Installment Loans	Premiums	Total Outstanding Debt	Debt Per Capita	Estimated Actual Market Values	(2) Personal Income
\$ 8,724,908	\$ -	\$ 223,047,016	\$ 1,597	1.15%	3.04%
9,980,805	-	217,765,216	1,538	1.13%	2.88%
9,799,916	-	200,605,333	1,416	1.02%	2.56%
12,185,551	-	190,342,488	1,329	0.95%	2.14%
11,164,960	328,071	209,538,631	1,456	1.09%	2.36%
11,501,093	496,643	268,657,659	1,861	1.32%	2.76%
12,053,942	554,553	325,590,213	2,222	1.54%	3.31%
10,447,704	1,003,026	321,360,289	2,161	1.47%	3.22%
11,209,479	942,737	357,439,870	2,399	1.61%	3.58%
9,737,907	821,968	337,386,836	2,242	1.23%	3.02%

ORANGE COUNTY, NORTH CAROLINA

Ratios of Net General Debt Outstanding Last Ten Fiscal Years

Fiscal Year	General Debt Outstanding				
	General Obligation Bonds	Installment Loans	State Revolving loan	Premiums	Total
2014	\$ 77,150,000	\$ 120,189,844	\$ 1,663,703	\$ 15,318,561	\$ 214,322,108
2015	68,355,000	122,631,057	2,679,597	14,118,757	207,784,411
2016	59,280,000	118,995,610	2,533,957	9,995,850	190,805,417
2017	50,430,000	117,955,775	2,388,317	7,382,845	178,156,937
2018	71,185,000	111,568,633	2,242,677	13,049,290	198,045,600
2019	125,740,000	112,389,455	2,097,037	16,433,431	256,659,923
2020	131,000,000	160,217,516	831,074	20,933,128	312,981,718
2021	124,000,000	160,971,768	-	24,937,791	309,909,559
2022	128,250,000	182,965,071	-	24,760,929	335,976,000
2022	116,815,000	181,052,505	-	22,304,552	320,172,057

Notes to the Schedule:

(1) - See Table 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

(2) - See Table 5 for property value data.

Percentage of		
(1) Personal Income	(2) Net Assessed Property Value	(1) Debt Per Capita
2.92%	1.29%	\$ 1,534
2.75%	1.26%	1,467
2.44%	1.14%	1,347
2.01%	1.05%	1,244
2.23%	1.08%	1,377
2.64%	1.37%	1,778
3.18%	1.65%	2,136
3.11%	1.59%	2,084
3.36%	1.53%	2,255
2.87%	1.43%	2,128

ORANGE COUNTY, NORTH CAROLINA

Legal Debt Margin Information Last Ten Fiscal Years

	2023	2022	2021	2020
Assessed value of property	\$ 22,421,502,597	\$ 21,944,533,529	\$ 19,449,954,413	\$ 18,956,491,582
Debt limit (1)	\$ 1,793,720,208	\$ 1,755,562,682	\$ 1,555,996,353	\$ 1,516,519,327
Amount of debt applicable to limit:				
Gross debt	297,867,505	311,215,071	284,971,768	292,048,590
Legal debt margin	\$ 1,495,852,703	\$ 1,444,347,611	\$ 1,271,024,585	\$ 1,224,470,737
Total net debt applicable to limit as a percentage of debt limit	16.61%	17.73%	18.31%	19.26%

Notes to the Schedule:

(1) - NC Statute 159-55 limits the County's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the debt limit; money held for payment of principal, debt incurred for water, sewer, gas, or electric power purposes; uncollected special assessments, funding and refunding bonds yet to be issued; and revenue bonds. The debt limit and the County's net debt outstanding applicable to the limit represents the County's legal borrowing authority.

Table 11

2019	2018	2017	2016	2015	2014
<u>\$ 18,681,613,587</u>	<u>\$ 18,330,900,870</u>	<u>\$ 17,024,519,084</u>	<u>\$ 16,778,182,392</u>	<u>\$ 16,501,943,134</u>	<u>\$ 16,632,360,368</u>
\$ 1,494,529,087	\$ 1,466,472,070	\$ 1,361,961,527	\$ 1,342,254,591	\$ 1,320,155,451	\$ 1,330,588,829
<u>240,226,492</u>	<u>184,996,310</u>	<u>170,774,092</u>	<u>180,809,567</u>	<u>193,665,654</u>	<u>199,003,547</u>
<u>\$ 1,254,302,595</u>	<u>\$ 1,281,475,760</u>	<u>\$ 1,191,187,435</u>	<u>\$ 1,161,445,024</u>	<u>\$ 1,126,489,797</u>	<u>\$ 1,131,585,282</u>
<u>16.07%</u>	<u>12.62%</u>	<u>12.54%</u>	<u>13.47%</u>	<u>14.67%</u>	<u>14.96%</u>

ORANGE COUNTY, NORTH CAROLINA

Direct and Overlapping Debt - Governmental Activities June 30, 2023

<u>Governmental Unit</u>	<u>General Obligation Debt Outstanding</u>	<u>(1) Percentage Municipality in County</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Municipalities:			
Town of Carrboro	\$ 17,128,584 (2)	100%	\$ 17,128,584
Town of Chapel Hill	94,958,335	100%	94,958,335
Town of Hillsborough	3,186,466 (2)	100%	3,186,466
City of Durham	247,372,210	3%	7,421,166
Town of Mebane	7,512,035 (2)	30%	2,253,611
Overlapping debt	<u>370,157,630</u>		<u>124,948,162</u>
Orange County direct debt	<u>304,522,409</u>		<u>304,522,409</u>
Total direct and overlapping debt	<u>\$ 674,680,039</u>		<u>\$ 429,470,571</u>

Notes to the Schedule:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the County. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping government.

(1) - The Total Outstanding Debt (provided by the Finance Officers from the above listed municipalities) is multiplied by the percentage of the municipality's residents in the County.

The percentage of overlapping is computed by dividing the population of the County's residents residing in the municipality by the municipality's total population.

(2) - Outstanding debt information is only available as of June 30, 2022.

ORANGE COUNTY, NORTH CAROLINA

Demographic and Economic Statistics Last Ten Fiscal Years

Year	(1) Population	(2) Personal Income (Thousands)	(2) Per Capita Income	(3) Median Age	(4) Public Schools Enrollment	(5) Unemployment Rate	(6) Building Permits Issued
2014	139,694	\$ 7,345,876	\$ 51,702	33.49	20,051	5.7%	1,791
2015	141,596	7,557,466	52,339	34.57	20,202	4.8%	1,852
2016	141,704	7,822,229	55,201	35.05	20,040	4.4%	3,026
2017	143,264	8,884,312	62,014	35.05	19,959	4.6%	1,793
2018	143,873	8,884,312	61,751	33.60	20,232	3.5%	2,937
2019	144,372	9,728,507	67,385	33.60	20,398	4.0%	2,087
2020	146,521	9,840,004	67,158	34.70	20,408	5.4%	4,853
2021	148,696	9,975,866	67,089	34.90	19,491	5.5%	4,085
2022	149,013	9,997,133	67,089	35.10	20,461	3.5%	4,838
2023	150,477	11,165,424	74,994	35.10	19,256	3.2%	5,082

Notes to the Schedule:

- (1) - N.C. State Data Center. Estimates are as of beginning of fiscal year.
- (2) - Bureau of Economic Analysis, U.S. Department of Commerce. Figures are for the prior calendar year.
2018 personal income not available, prior year figures are repeated.
- (3) - No change from FY22 to FY23 in median age.
- (4) - Orange County Finance and Administrative Services budget student numbers
- (5) - N.C. Employment Security Commission, Annual Average for prior calendar year.
- (6) - Total number of building permits issued by Orange County Inspections Department includes inspections by the Town of Hillsborough.

ORANGE COUNTY, NORTH CAROLINA

Principal Employers Current Year and Nine Years Ago

Employer	2023			2014		
	Employees	Rank	Percentage of Total County Employment*	Employees	Rank	Percentage of Total County Employment
UNC-Health Care	13,536	1	27.57%	9,354	2	13.44%
UNC Chapel Hill	13,108	2	26.69%	15,985	1	22.97%
Chapel Hill-Carrboro City Schools	1,787	3	3.64%	1,885	3	2.71%
Orange County Government	1,383	4	2.82%	900	5	1.30%
Orange County Schools	1,280	5	2.61%	1,259	4	1.81%
Town of Chapel Hill	825	6	1.68%	879	6	1.26%
Industrial Connections & Solutions ABB (formerly G.E.)	805	7	1.64%	N/A	N/A	N/A
AKG of America	430	8	0.88%	N/A	N/A	N/A
Wegmans	372	9	0.76%	N/A	N/A	N/A
Armacell	351	10	0.71%	N/A	N/A	N/A
Sports Endeavors, Inc.	N/A	N/A	N/A	788	7	1.13%
UNC Physicians Network	N/A	N/A	N/A	528	8	0.76%
Aramark Services	N/A	N/A	N/A	444	9	0.63%
Walmart	N/A	N/A	N/A	378	10	0.54%

Notes to the Schedule:

Source: Orange County Economic Development Commission, Employment Security Commission

*Total Employment based on 2020 census value of 49,105 - <https://www.census.gov/quickfacts/orangecountynorthcarolina>

N/A - Employer is not in the top ten for the specific time period.

ORANGE COUNTY, NORTH CAROLINA

Full-time Equivalent County Government Employees by Function Last Ten Fiscal Years

Function/Program	2023	2022	2021	2020	2019
Government and management	N/A	N/A	N/A	N/A	N/A
General services	N/A	N/A	N/A	N/A	N/A
Community and environment	N/A	N/A	N/A	N/A	N/A
Human services	N/A	N/A	N/A	N/A	N/A
Public safety	N/A	N/A	N/A	N/A	N/A
Cultural and recreational	N/A	N/A	N/A	N/A	N/A
Solid Waste Enterprise	N/A	N/A	N/A	N/A	N/A
Community Services	146.75	141.00	141.00	161.40	161.40
General Government	81.63	78.66	76.63	104.43	104.43
Human Services	409.21	379.61	380.11	358.01	358.01
Support Services	74.70	74.70	74.70	73.90	73.90
Public Safety	346.50	304.50	303.50	288.60	288.60
Solid Waste	66.68	62.43	62.43	65.48	65.48
Total Full-time Equivalents	<u>1,125.47</u>	<u>1,040.89</u>	<u>1,038.36</u>	<u>1,051.82</u>	<u>1,051.82</u>

Notes to the Schedule:

Source: County Finance and Administrative Services Department

N/A - Orange County changed to Functional Leadership Teams in fiscal year 2015-16.

This table represents number of persons employed as of June 30 of each year. Vacant positions are not included in the above numbers. Full-time personnel work 2,080 hours per year (less vacation and sick leave).

For purposes of this table the number of part-time employees has been divided by 2.5 to arrive at the full-time equivalents.

2018	2017	2016	2015	2014
N/A	N/A	N/A	101.75	96.15
N/A	N/A	N/A	86.03	78.50
N/A	N/A	N/A	95.20	89.40
N/A	N/A	N/A	297.86	312.48
N/A	N/A	N/A	265.28	262.90
N/A	N/A	N/A	29.53	33.00
N/A	N/A	N/A	62.28	60.25
153.20	145.00	132.80	N/A	N/A
93.23	98.83	100.43	N/A	N/A
364.60	356.23	341.76	N/A	N/A
75.90	77.10	74.30	N/A	N/A
236.10	285.98	269.58	N/A	N/A
64.75	65.85	62.65	N/A	N/A
<u>987.78</u>	<u>1,028.99</u>	<u>981.52</u>	<u>937.93</u>	<u>932.68</u>

ORANGE COUNTY, NORTH CAROLINA

Operating Indicators by Function Last Ten Fiscal Years

Function/Program	2023	2022	2021	2020
Governing and Management:				
Number of animals sheltered	2,344	2,136	2,113	2,051
Number of rabies investigations	101	117	77	90
Employment applications received	4,974	5,037	4,234	5,310
General Services:				
Incoming Calls to Technology Help Desk	9,670	12,021	10,159	9,901
Real Estate documents processed	17,363	23,644	27,110	20,138
Vital records recorded and issued	27,860	25,470	21,502	22,255
Community and Environment:				
Building permits issued	800	981	1,055	937
Building, plumbing, mechanical, and electrical inspections completed	12,646	16,450	13,807	16,149
Human Services:				
Households receiving food stamps	5,933	6,344	6,140	N/A
Individuals receiving food stamps	10,925	11,823	11,058	14,459
Number of Medicaid cases	21,939	19,130		13,597
Number of families receiving daycare subsidies	616	625	715	667
Total number of dental patient visits	3,804	6,002	4,445	6,927
Family planning clients served	560	522	792	646
Public Safety:				
Requests for EMS service	26,064	25,926	21,348	19,144
Number of fire inspections	899	1,215	1,181	1,147
Average number of non-federal inmates per month	n/a	49	37	57
Culture and Recreation:				
Library materials circulated at the Orange County Library	378,025	399,680	195,771	353,766
Number of reference volumes at the Orange County Library	2,128	2,127	2,102	2,131
Education:				
Average daily membership (NCDPI planning numbers)	19,465	20,461	19,491	20,409
County current expense appropriation per pupil (\$)	\$ 4,808	\$ 4,367	\$ 4,365	\$ 4,352

Notes to the Schedule:

Source: Orange County Finance and Administrative Services Department

2019	2018	2017	2016	2015	2014
3,058	2,966	2,934	3,162	3,246	3,258
112	121	72	86	232	186
6,793	6,453	7,519	8,891	6,703	7,980
10,351	10,842	10,696	12,416	11,825	11,020
16,357	18,740	20,558	19,969	19,214	19,672
2,339	20,945	22,164	20,297	18,909	17,988
1,045	986	891	890	815	666
17,443	18,477	16,616	17,000	14,900	10,688
N/A	N/A	N/A	N/A	N/A	6,634
14,478	9,880	11,492	10,640	11,793	N/A
12,033	13,066	12,867	12,496	12,960	13,575
792	721	750	710	685	700
7,215	6,840	6,924	6,949	6,131	5,279
772	829	1,026	1,032	1,812	1,317
18,306	17,227	16,908	16,607	13,810	12,554
511	350	366	308	400	379
75	75	76	76	173	170
434,993	463,348	427,632	450,372	442,367	422,265
2,725	2,813	2,672	2,897	2,240	2,697
20,398	20,232	19,959	20,040	20,202	20,051
\$ 4,165	\$ 3,991	\$ 3,868	\$ 3,698	\$ 3,571	\$ 3,269

ORANGE COUNTY, NORTH CAROLINA

Capital Asset Statistics by Function Last Ten Fiscal Years

Function/Program	2023	2022	2021	2020
Human Services:				
Public health occupied square footage	31,433	31,433	31,433	31,433
Social services occupied square footage	47,232	47,232	47,232	55,437
Cooperative extension occupied square footage	2,057	2,057	2,057	5,198
Number of centers	15	15	15	15
Public Safety:				
Number of law enforcement vehicles	133	147	153	143
Number of emergency services vehicles	38	40	45	39
Number of animal control vehicles	7	8	8	7
Detention capacity	140	140	129	129
Cultural and Recreational:				
Libraries - branches	2	2	2	3
Volume of library books	107,691	108,375	107,556	112,054
Education:				
Number of schools	33	33	33	30

Notes to the Schedule:

Source: Orange County Finance and Administrative Services Department.

2019	2018	2017	2016	2015	2014
31,433	31,433	31,433	31,433	31,433	30,027
55,437	55,437	55,437	55,437	55,437	55,430
5,198	5,198	5,198	5,198	5,198	4,968
15	15	15	15	14	13
143	152	143	143	146	153
39	39	34	34	34	32
7	6	6	6	6	6
129	129	129	129	129	129
3	3	3	3	3	3
112,054	111,682	114,580	114,580	111,421	103,259
30	30	30	30	30	30

COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**To the Members of the Board of Commissioners
Orange County, North Carolina**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **Orange County, North Carolina** (the "County") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 30, 2023. Our report includes a reference to other auditors who audited the financial statements of the Orange County ABC Board, as described in our report on Orange County's financial statements. The financial statements of the Orange County ABC Board were not audited in accordance with *Government Auditing Standards* and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the ABC Board or that are reported on separately by those auditors who audited the financial statements of the ABC Board.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Raleigh, North Carolina
November 30, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH APPLICABLE SECTIONS OF THE OMB UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

To the Members of the Board of Commissioners
Orange County, North Carolina

Report on Compliance for the Each Major Federal Program

Opinion on Each Major Federal Program

We have audited **Orange County, North Carolina's** (the "County") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2023. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Raleigh, North Carolina
November 30, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH APPLICABLE SECTIONS OF
THE OMB UNIFORM GUIDANCE AND THE STATE SINGLE
AUDIT IMPLEMENTATION ACT**

**To Members of the Board of Commissioners
Orange County, North Carolina**

Opinion on Each Major State Program

We have audited **Orange County, North Carolina's** (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major state programs for the year ended June 30, 2023. The County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major state program for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for the major state program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's state programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of the major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Raleigh, North Carolina
November 30, 2023

Mauldin & Jenkins, LLC

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Program Title	State/Pass-through Grantor's Number	Federal Assistance Listing Number	Federal Expenditures	State Expenditures	Local Expenditures	Provided to Subrecipient
Federal Awards:						
U. S. Department of Agriculture:						
<u>Direct Programs:</u>						
<u>Natural Resources Conservation Service:</u>						
Soil And Water Conservation	None	10.902	\$ 38,877	\$ -	\$ -	\$ -
<u>Division of Social Services:</u>						
<u>Supplemental Nutrition Assistance Program Cluster:</u>						
SNAP Administration	DSSR016-076	10.561	1,326,052	-	1,326,052	-
SNAP Fraud Administration	DSSR016-076	10.561	66,013	-	66,013	-
SNAP E&T and Dependent Care	DSSR016-076	10.561	466,668	-	466,668	-
FNS ARPA FUNDS	DSSR016-076	10.561	125,488	-	-	-
Total Supplemental Nutrition Assistance Program Cluster			1,984,221	-	1,858,733	-
Total U. S. Department of Agriculture			2,023,098	-	1,858,733	-
U. S. Department of Housing and Urban Development:						
<u>Direct Programs:</u>						
<u>Office of Fair Housing and Equal Opportunity</u>						
Cooperative Fair Housing Assistance Program	None	14.401	48,760	-	-	-
<u>Office of Community Planning and Development:</u>						
Emergency Solutions Grant Program	None	14.231	43,565	-	27,877	-
Continuum of Care Program: Rapid Rehousing	None	14.267	60,321	-	36,950	-
Continuum of Care Program: Planning	None	14.267	34,104	-	20,873	-
Continuum of Care Program	None	14.267	51,079	-	107,280	-
<u>Housing Voucher Cluster:</u>						
Housing Choice Vouchers	NC104	14.871	5,765,118	-	-	-
Emergency Housing Choice Vouchers			138,591	-	-	-
Total Housing Voucher Cluster			5,903,709	-	-	-
Total U. S. Department of Housing and Urban Development			6,141,538	-	192,980	-
U. S. Department of Justice:						
<u>Workforce Innovation and Opportunity Act:</u>						
Workforce Innovation and Opportunity Act (WIOA)	None	17.259	266,073	-	30,932	-
Total Workforce Investment Act Cluster			266,073	-	30,932	-
Total U. S. Department of Justice			266,073	-	30,932	-
U. S. Department of Transportation:						
<u>Direct Programs:</u>						
<u>Federal Transit Administration</u>						
Urbanized Area Formula Program; Section 5307	17-SU-056/A ORANGE COUNTY, OPERATING	20.507	284,771	-	-	-
Passed-through NC Department of Transportation						
State and Community Highway Safety	PT-2022-06-05 Orange County - LEL	20.600	17,720	-	-	-
Passed-through City of Durham						
Formula Grants for Rural Areas and Tribal Transit Program	22/3-CT-056 ORANGE COUNTY, ADMIN	20.509	207,429	-	-	-
Enhanced Mobility of Seniors and Individuals with Disabilities	None	20.513	82,005	-	11,221	-
Total U. S. Department of Transportation			591,925	-	11,221	-
U. S. Department of Health and Human Services:						
Passed-through N. C. Department of Health and Human Services Regional Office						
<u>Administration for Community Living:</u>						
<u>Special Programs for the Aging - Title III, Part D - Disease</u>						
National Family Caregiver Support, Title III, Part E	DAAS 19-09 FY23	93.043	7,168	422	843	-
National Family Caregiver Support, Title III, Part E - ARPA	DAAS 12-07 FY23	93.052	53,055	3,537	-	-
	DAAS 12-07 FY23	93.052	2,565	855	-	-
<u>Aging Cluster:</u>						
Nutrition Services Incentive Program	DAAS-734 FY 2023	93.053	6,889	-	-	-
MIPPA	None	93.071	8,428	-	-	-
HCCBG - Access	DAAS-735 FY 2023	93.044	192,892	353,234	111,544	-
HCCBG - Congregate Meals	DAAS-735 FY 2023	93.045	113,368	3,651	7,302	-
HCCBG - Congregate Meals - ARPA		93.045	94,483	16,674	-	-
Total Aging Cluster			478,848	378,373	119,689	-
<u>Centers for Medicare and Medicaid Services</u>						
Passed-through NC Department of Health and Human Services						
<u>Division of Medical Assistance:</u>						
<u>Medicaid Cluster:</u>						
Adult Care Home Case Management	DSSR016-076	93.778	35,102	10,312	24,790	-
MAC	DSSR016-076	93.778	48,757	-	48,757	-
Medical Assistance - Administration	DSSR016-076	93.778	2,380,402	455,782	646,316	-
State County Special Assistance	DSSR016-076	93.778	21,813	3,103	7,574	-
Medical Transport Admin	DSSR016-076	93.778	174	-	174	-
Total Medicaid Cluster			2,486,248	469,197	727,611	-
<u>Division of Public Health:</u>						
Public Health Emergency Preparedness	1264-2680-EU/ER	93.069	38,836	-	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	1460-UK77/2720-NF	93.116	3,800	-	-	-
Immunization Cooperation Agreements	1331-631D-EJ	93.268	24,370	-	-	-
Immunization Cooperation Agreements - COVID-19	1331-6315-LD	93.268	42,308	-	-	-
Refugee and Entrant Assistance Targeted Assistance Grants	1370-8100-68	93.566	1,500	-	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	1175-883A-P5/1332-892A-L5	93.323	360,263	-	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) - COVID-19	1175-870A-WT	93.323	145	-	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	1320-3100-D7	93.898	8,360	-	-	-
HIV Prevention Activities Health Department Based	1311-4300-HV	93.940	31,000	-	-	-
Family Planning Services	13A1-5900-FP	93.217	90,198	-	-	-
	1271/13A1-			12,804	-	-
Maternal and Child Health Services Block Grant	5318/5351/5745/5735/AR/AP	93.994	113,588	-	-	-
Preventive Health and Health Services Block Grant	1261-5503-PH	93.991	30,607	-	-	-
Response to Public Health or Healthcare Crises - COVID-19	1161-7955-LZ	93.391	53,912	-	-	-
Speech and Hearing (AA324)	1332-5390-99	93.778	30,624	-	-	-
Preventive Health Services-Sexually Transmitted Diseases Control Grants	1311-4631-NB	93.977	100	-	-	-
Temporary Assistance for Needy Families	13A1-5151-T2	93.558	10,194	-	-	-
Total Division of Public Health			839,805	12,804	-	-

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Program Title	State/Pass-through Grantor's Number	Federal Assistance Listing Number	Federal Expenditures	State Expenditures	Local Expenditures	Provided to Subrecipient
Federal Awards (Continued):						
U. S. Department of Health and Human Services (Continued):						
Passed-through N. C. Department of Health and Human Services Regional Office						
Administration of Children and Families						
Division of Social Services:						
Child Care Development Fund-Administration	DSSR016-076	93.596	\$ 266,295	\$ -	\$ -	\$ -
Social Services Block Grant						
Social Services Block Grant	DSSR016-076	93.667	407,859	-	135,953	-
Social Services Block Grant - In Home Services	DSSR016-076	93.667	135,412	-	19,345	-
Social Services Block Grant - In Home Services over 60	DSSR016-076	93.667	25,891	-	3,699	-
Social Services Block Grant - Adult Daycare	DSSR016-076	93.667	857	-	122	-
Social Services Block Grant - Adult Protective Services	DSSR016-076	93.667	6,101	-	-	-
Social Services Block Grant - Adult Daycare over 60	DSSR016-076	93.667	9,959	3,765	1,961	-
APS ESSENT SVC/APS ARPA S	DSSR016-076	93.667	11,421	-	-	-
CPS TANF to SSBG	DSSR016-076	93.667	87,866	-	-	-
Total Social Services Block Grant			951,661	3,765	161,080	-
Temporary Assistance for Needy Families Cluster:						
Administration:						
TANF- Work First Admin	DSSR016-076	93.558	175,174	-	299,026	-
TANF- Work First Service	DSSR016-076	93.558	789,944	-	1,119,273	-
Total Temporary Assistance for Needy Families Cluster			965,118	-	1,418,299	-
Foster Care and Adoption Cluster (Note 4):						
Administration:						
IV-E CPS	DSSR016-076	93.658	136,375	98,603	37,772	-
IV-E Foster Care	DSSR016-076	93.658	266,158	-	31,408	-
IV-E Foster Care Trn	DSSR016-076	93.658	7,750	-	2,583	-
IV-E Foster Care/ Off Trn	DSSR016-076	93.658	684,137	-	684,137	-
IV-E Adoption /Off Trn	DSSR016-076	93.659	3,838	-	3,838	-
IV-E Optional Adoption Trn 5	DSSR016-076	93.659	469	-	469	-
Direct Benefit Payments:						
IV-E Admin County Paid to CCI	DSSR016-076	93.658	36,964	18,482	18,482	-
IV-E Family Foster Max	DSSR016-076	93.658	219	-	77	-
IV-E Foster Care & Extend Max	DSSR016-076	93.658	39,093	7,106	7,106	-
IV-E Foster Care & Extend Reg	DSSR016-076	93.658	168,896	33,103	28,581	-
Total Foster Care and Adoption Cluster			1,343,899	157,294	814,453	-
IV-D Administration	DSSR016-076	93.563	1,021,644	-	526,301	-
IV-D Offset Fees - Esc	DSSR016-076	93.563	8	-	4	-
IV-D Offset Fees - Federal	DSSR016-076	93.563	987	(354)	862	-
Family Preservation	DSSR016-076	93.556	20,439	-	-	-
Community Based Respite Serv -Admin	DSSR016-076	93.556	60,141	-	-	-
Refugee Assistance Admin	DSSR016-076	93.566	1,446	-	-	-
Crisis Intervention Payments	DSSR016-076	93.558	241,810	-	-	-
Low Income Home Energy Administration	DSSR016-076	93.558	53,778	-	-	-
Low Income Home Energy Assistance	DSSR016-076	93.558	35,191	-	-	-
Low Income Home Energy Assistance - ARPA	DSSR016-076	93.558	70,582	-	-	-
Low Income Home Energy Administration - ARPA	DSSR016-076	93.558	23,753	-	-	-
Low Income Household Water Assistance Program - ADM	DSSR016-076	93.558	(389)	-	-	-
Low Income Household Water Assistance Program - CAA	DSSR016-076	93.558	108,348	-	-	-
Permanency Planning - Service & Admin	DSSR016-076	93.645	31,159	(16)	10,376	-
LINKS	DSSR016-076	93.674	14,504	3,626	-	-
Independent Living - LINKS	DSSR016-076	93.674	12,610	-	-	-
NC Health Choice	DSSR016-076	93.767	105,121	6,523	17,927	-
Total Division of Social Services			1,801,132	9,779	555,470	-
Passed-through NC Integrated Care for Kids						
Integrated Care for Kids Model	None	93.378	105,594	-	-	-
Total U.S. Department of Health and Human Services			8,972,305	1,031,212	3,796,602	-
U. S. Department of Homeland Security:						
Passed-through N. C. Department of Public Safety						
Division of Emergency Management						
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	4487	97.036	327,490	-	-	-
Emergency Management Performance Grant	None	97.042	26,129	-	-	-
Total U.S. Department of Homeland Security			353,619	-	-	-
U. S. Department of Treasury:						
American Rescue Plan Act	SLT-3458-P&E	21.027	8,519,414	-	-	-
Passed-through NC Dept. of Health and Human Services	AA546	21.019	30,016	-	-	-
Passed-through NC Dept. of Health and Human Services	AA544	21.019	246,337	-	84,857	-
Passed-through Town of Carboro	None	21.019	97,666	-	-	-
Passed-through Guilford County	None	21.019	9,404	-	-	-
Total U.S. Department of Treasury			8,902,837	-	84,857	-
Total Federal awards			27,251,395	1,031,212	5,975,325	-
State Awards:						
N. C. Department of Health and Human Services:						
Division of Social Services:						
Direct Benefit Payments:						
F/C at risk maximization			-	6,248	2,257	-
Extended FC/Max Non IV-E			-	28,988	-	-
LINKS/CHAFFE/NR-LINKS			-	-	15,052	-
State Child Welfare/CPS/CS LD			-	190,232	-	-
SFHF Maximization			-	23,898	5,728	-
DCD Smart Start			-	24,455	-	-
State Foster Home			-	64,637	59,016	-
Work First Non Reimbursable			-	-	494,922	-
County Funded Programs			-	-	4,653,111	-
Non Allocated County Cost			-	-	800,311	-
Total Division of Social Services			-	338,458	6,030,397	-

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Program Title	State/Pass-through Grantor's Number	Federal Assistance Listing Number	Federal Expenditures	State Expenditures	Local Expenditures	Provided to Subrecipient
State Awards (Continued):						
N. C. Department of Health and Human Services (Continued):						
<u>Division of Mental Health:</u>						
Covid Recovery Support			\$ -	\$ 343,702	\$ -	\$ -
<u>Passed-through N. C. Department of Health and Human Services Regional Office</u>						
State Appropriation - Fans			-	2,150	-	-
State Appropriation - Senior Center-GP			-	16,352	5,451	-
Total N.C. Department of Health and Human Services Regional Office			-	18,502	5,451	-
<u>Division of Public Health:</u>						
<u>Other Receipts/State Supported Expenditures</u>						
Food and Lodging Fees			-	47,102	-	-
General Communicable Disease Control			-	3,708	-	-
Aid-to-Counties (PH Capacity Building)			-	105,921	-	-
Breast and Cervical Cancer Program			-	6,265	-	-
Child Health			-	1,815	-	-
Healthy Community Activities			-	3,747	-	-
Family Planning - State			-	57,534	-	-
Maternal Health - State			-	24,955	-	-
Minority Diabetes Prevention Program - State			-	17,088	-	-
Women's Health Service Fund			-	16,122	-	-
TPPI-Adolescent Parenting Program			-	71,407	-	-
Tuberculosis Control			-	14,771	-	-
Total Division of Public Health			-	370,435	-	-
Total N. C. Department of Health and Human Services			-	1,071,097	6,035,848	-
N.C. Department of Transportation:						
Rural Operating Assistance Program	DOT-16CL		-	199,279	-	-
DIV 7 Orange Efland VFD Station 3	DOT-18		-	25,000	-	-
22 - CT - 056 Orange County Admin	DOT - 11		-	12,984	-	-
Total N. C. Department of Natural and Cultural Resources			-	237,263	-	-
N. C. Department of Natural and Cultural Resources:						
State Arts Grant			-	52,185	-	-
<u>Division of State Library:</u>						
State Aid to Public Libraries			-	104,059	-	-
Total N. C. Department of Natural and Cultural Resources			-	156,244	-	-
N. C. Department of Public Safety						
Juvenile Crime Prevention Council			-	366,496	-	358,617
Local Reentry Council Grant	GS143B-604		-	178,890	-	-
Safe Roads Act	SL1983-435		-	8,127	-	-
Total N. C. Department of Crime Control and Public Safety			-	553,513	-	358,617
N. C. Housing Trust Fund						
<u>Passed-through North Carolina Housing Finance Agency</u>						
Urgent Repair Grant			-	110,000	98,231	-
Total N.C. Housing Trust Fund			-	110,000	98,231	-
N. C. Department of Public Instruction:						
Public School Capital Building Fund - Lottery Proceeds			-	1,402,354	-	-
Total State awards			-	3,530,471	6,134,079	358,617
Total Federal and State Awards			\$ 27,251,395	\$ 4,561,683	\$ 12,109,404	\$ 358,617

ORANGE COUNTY, NORTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2023

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Orange County, North Carolina (the "County") under the programs of the federal government and the State of North Carolina for the year ended June 30, 2023. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements* (Uniform Guidance) for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County. Direct benefit payments are paid directly to recipients and are not included in the County's basic financial statements.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Indirect Cost Rate

The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4: Cluster of Programs

The following are clustered by the N.C. Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care, Foster Care and Adoption, and Aging.

Note 5: Benefit Payments Issued by the State

The amount listed below were paid directly to individual recipients by the State from federal and State monies. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients that do not appear in the basic financial statements because they are not revenues and expenditures to the County.

	AL#		Federal	State
Supplemental Nutrition Assistance Program	10.537	\$	31,817,990	\$ -
Special Supplemental Nutrition Program for WIC	10.557		1,356,804	-
Children's Health Insurance Program	93.767		733,936	164,254
Medical Assistance Program	93.778		114,681,314	44,845,409

Note 5: Juvenile Crime Prevention Council reimbursed the following subrecipients as reported on the SEFSA.

Volunteers for Youth	\$	154,355
Rein Supp Network		69,027
Exchange Club		60,760
Dispute Settlement Center		58,000
Wrenn/Haven House		16,475
	\$	358,617

ORANGE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major state programs:
 Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major federal programs? Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
93.778	Medicaid Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds
10.561	Supplemental Nutrition Assistance Program Cluster
93.658	Foster Care Cluster

Dollar threshold used to distinguish between type A and type B programs: \$817,542

Auditee qualified as low-risk auditee? No

ORANGE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION III
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2023-001 Significant Deficiency over Activities Allowed and Unallowed and Allowable Costs/Cost Principles

Information on the federal programs: Medicaid Cluster (Medicaid), Assistance Listing Number 93.778, U.S. Department of Health and Human Services, passed through the N.C. Department of Health and Human Services (NCDHHS), Division of Medical Assistance.

Supplemental Nutrition Assistance Program Cluster (SNAP), Assistance Listing Number 10.561, U.S. Department of Agriculture, Division of Social Services.

Criteria: Per the NCDHHS policy manual, salaries, wages, and fringe benefits of Department of Social Service employees hired under the state merit system are allowable. Salaries shall be allocated to programs by time distribution methods and supported by payroll and attendance records for individuals.

Condition: Employee's time is tracked through the use of day sheets in which employees track their time by service code in 6-minute increments. Day sheets are used to complete weekly timesheets which are approved by supervisors. We noted three out of forty day sheets selected for Medicaid, and one out of forty day sheets selected for SNAP that had more program minutes than what was reported on the employee's approved time sheet.

Context/Cause: The day sheets included more program time than was included on the employee's approved timesheet. We noted the above condition in three out of forty day sheets selected for Medicaid, and one out of forty day sheets for SNAP.

Effects: Inaccurate reporting of time coded to programs could affect the total federal and state reimbursement for the program.

Recommendation: We recommend that the County implements a review control over weekly timesheets to ensure the timesheets include all program time coded on the daysheets.

Auditee's Response: We concur with the finding.

SECTION IV
STATE AWARD FINDINGS AND QUESTIONED COSTS

Finding 2023-001 above is also considered to be a state finding due to the state match included in the Medicaid Cluster.

ORANGE COUNTY, NORTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2023

2022-001 Revenue Recognition

Criteria: Internal controls should be in place to ensure that amounts reported as revenues and related accounts are appropriate, properly valued, and recorded in the proper period in accordance with generally accepted accounting principles.

Condition: Internal controls were not sufficient to detect material misstatements in the reporting of the County's revenues and related balances.

Current Status: Corrected

2022-002 Financial Close and Maintenance of General Ledger Accounts

Criteria: Internal controls should be in place to ensure that financial statements properly present the financial position and results of the County in accordance with generally accepted accounting principles.

Condition: The County's reviews and manual adjustments were not sufficient to prevent, or detect and correct, material misstatements in the County's financial statements submitted for audit. The nature and magnitude of these misstatements are discussed below.

Current Status: Corrected

2022-003 Reporting of Capital Assets and Related Balances

Criteria: Internal controls should be in place to ensure that the County's capital assets and related balances are properly reported in accordance with generally accepted accounting principles.

Condition: During our audit procedures, material misstatements were noted in the County's capital asset balances that required audit adjustments. The nature and magnitude of these misstatements is discussed further below.

Current Status: Corrected

2022-004 Restatement of Prior Year Balances

Criteria: Internal controls should be in place to ensure that financial statements properly present the financial position and results of the County in accordance with generally accepted accounting principles.

Condition: Internal controls were not sufficient to timely detect material misstatements in the County's financial statements for the year ended June 30, 2021.

Current Status: Corrected

ORANGE COUNTY, NORTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2023

2022-005 Significant Deficiency over Activities Allowed and Unallowed and Allowable Costs/Cost Principles

Criteria: Per the NCDHHS policy manual, salaries, wages, and fringe benefits of Department of Social Service employees hired under the state merit system are allowable. Salaries shall be allocated to programs by time distribution methods and supported by payroll and attendance records for individuals.

Condition: Employee's time is tracked through the use of day sheets in which employees track their time by service code in 6-minute increments. Day sheets are used to complete weekly timesheets which are approved by supervisors. We noted two out of forty day sheets selected for Medicaid, eight out of forty day sheets selected for TANF, and one out of nine day sheets selected for Adoption had more program minutes than what was reported on the employee's approved time sheet.

Current Status: Repeat finding; see 2023-001.

2022-006 Significant Deficiency over Activities Allowed and Unallowed and Allowable Costs/Cost Principles

Criteria: Per the NCDHHS policy manual, salaries, wages, and fringe benefits of Department of Social Service employees hired under the state merit system are allowable. Salaries shall be allocated to programs by time distribution methods and supported by payroll and attendance records for individuals.

Condition: Employee's time is tracked through the use of day sheets in which employees track their time by service code in 6-minute increments. Day sheets are used to complete weekly timesheets which are approved by supervisors. We noted one out of eight day sheets selected had more program minutes than what was reported on the employee's approved time sheet.

Current Status: Repeat finding; see 2023-001.

The following Corrective Action Plan is in response to the audit findings reported in the FY 2023 Compliance Audit.

2023-001 Significant Deficiency over Activities Allowed and Unallowed and Allowable Costs/Cost Principles

Name of contact person: Nancy Coston, Director of the Department of Social Services

Department Response: DSS agrees that there were some discrepancies found between Daysheets and Kronos time. Given the differences between the reporting deadlines for the two automated systems, it is highly unlikely that all staff time will ever match exactly. However, DSS will continue to use the reconciliation process outlined below.

DSS Daysheets/Kronos Reconciliation Process

Employees must enter their time into Daysheets by 5 pm on the following business day, unless special permission is obtained from the employee's supervisor. Employees are responsible for ensuring that the minutes/hours reported on the Daysheets agree to their time reported in Kronos. When they certify their time in the Daysheets program, they are certifying that they have reconciled their Daysheet time to the Kronos system.

On a weekly basis by Wednesday at noon, **Supervisors** must verify the Daysheet time reported for the prior week for each direct report and that it agrees to the Kronos recordkeeping reports for that period. Supervisors must keep records evidencing that this reconciliation has been completed. This documentation can be requested for review by the DSS Accounting staff and/or auditors at any time.

On a monthly basis prior to uploading Daysheets to the State, **Accounting unit staff** will verify the Daysheet time reported for the month for all department staff (required to complete a Daysheet) and that it agrees to the Kronos recordkeeping reports for the period. Accounting unit staff will utilize Kronos and Daysheet systems generated reports in the verification process. Supervisors will be notified of any discrepancies and will have staff make the necessary corrections.

Supervisors are responsible for counseling employees whose time in Daysheets do not agree to Kronos or for those who do not enter time within required timeframes without supervisor approval.

On a monthly basis, according to the Daysheet Deadline Calendar provided by Accounting, each **supervisor** is responsible for approving the accuracy of the Daysheets in the Daysheets program. It is expected that the supervisor has properly reconciled the minutes and hours reported in the Daysheets to the Kronos system.

Please note, in instances where Kronos time is rounded to the hundredth decimal, Daysheet time will not reconcile since it will result in partial minutes. In these instances, Daysheet minutes will be rounded up or down.

Proposed Completion Date: January 1, 2024